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# East Europe Report

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15 March 1986

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ECONOMY

GERMAN DEMOCRATIC REPUBLIC

# INCREASED REPROCESSING REDUCES INDUSTRY'S FRESH WATER DEMAND

East Berlin TECHNISCHE GEMEINSCHAFT in German Vol 33 No 11, Nov 85 (Signed to press 14 Oct 85) pp 3-4

[Article by Rudolf Miehlke, engineer, member of the presidium of the Chamber of Technology [KOI], chairman of the KDT association on water:  
"The resource important to life"]

[Text] The Directive of the Politburo of the Central Committee of the SED and the Ministerial Council of July 21, 1984, on the rational water use during the period of the five-year plan from 1986 to 1990 states that for the further realization of the economic strategy of the SED for the 1980's in water management the further heightening of the intensification is required. The Directive names as the main road towards this the goal-oriented, rational use of water. It is the principal area for creative ideas and initiatives and an important crucial point of labor for the deserving preparation of the 11th Party Congress of the SED.

The constantly growing and long-term demands for a quality oriented and stable drinking water supply for the populace, water processing systems necessary to ensure a high rate of growth of production and for further intensification in agriculture, as well as improvement of the natural environmental conditions require everywhere the rational use of water. They require rational water use, increased protection of ground and surface water from pollution with aqueous toxic substances, intensive effluent treatment, and accelerated the recovery of valuable substances. The constant increase in performance and efficiency of the water management plants and installations is necessary for all branches of the economy.

In this sense the political-ideological efforts of our leaders is important. It is important to explain that the great importance of rational water utilization, and of a method of water protection inseparably connected with this, is derived on the one hand from requisites of the economic strategy of the SED and on the other from the status of water utilization reached at the beginning of the 1980's in the GDR.

Rational water use and (environmental) water protection are inseparably connected with the main objective and fixed component of the economic strategy

of the Party of the Working Class. The Water Law passed in July 1982 by the People's Chamber takes into account these requirements.

The results so far from the carrying out of rational water use during the years 1981 to 1984 show that these efforts are rewarding. That was also made clear by the seminars on rational water use held during the third quarter of 1985 in all districts.

Thus, for example, in the economy instead of the predicted rise in water use of an annual one percent, an absolute reduction of 1.4 percent was successfully achieved, including even 5.7 percent in industry. The specific water demand was reduced by about 19 percent.

#### Less Drinking Water for Production

The combines and plants of industry can display additional advances with reduction in withdrawal of drinking water from the public water system for production purposes. By the end of 1984, 32 million cubic meters had been used, or six percent less drinking water than in 1981. The quantity was consumed mainly by the drinking water needs of the populace. The drinking water consumption by the populace rose 13 percent. In 1984, water amounted to an average of 133 liter per person daily.

It was possible to reduce water pollution, while effluent loading with organic substances dropped by about 10 percent. With this, the conditions for the multiple use of water were improved.

Water supply for irrigation was increased by about 20 percent. At that time this comes to 17 percent of the available water supply in a drought year.

Rational use of water and better treatment of effluent make it possible to provide for the rising needs of the populace and agriculture, with significantly little expenditure. Accordingly, 4.9 billion marks in investments and 390 million kWh of electrical energy were saved. The result of this is sinking operating costs.

Where rational water use is consumed, those collectives are exemplary that strive for the honorary title "Ideally Working Plant (or Combine) in Water Management" in industry and agriculture. In 1985 honorary certificates and prizes were awarded to 143 such collectives in all branches of the economy.

The results show that, with this motivation, large reserves would be released in our republic. In this manner, specific water demand sank by about an average of 30 to 60 percent and absolute water consumption by 51 million cubic meters. The withdrawal of drinking water from the public water supply for industrial purposes could be reduced by almost 9 million m<sup>3</sup>. Beyond that plants made available from their own installations almost 14 million m<sup>3</sup> drinking water annually for the central supply. From the effluents valuable substances at a value of over 33 million marks annually were recovered including above all lead, copper, and silver, as well as fibers, fats, oils, whey, yeast, and grains.

## KDT Decisively Involved as a Unit

The members and collectives of the KDT cooperate actively on numerous KDT objectives and other initiatives in this economically important movement. Thus, the technical subcommittee on water management in light industry with the results from the KDT objective in the VEB Leather Works Weida has contributed to the fact that it could be started a year earlier with investment preparations. With the proposed process the reduction of the organic loading in the effluents by 60 percent and the sulfide content by 99 percent was successful as well as the recovery of fat/albumen by 71 percent and chromium compounds by 90 percent.

Beyond this, the technical subcommittee became involved in the VEB Oberlausitzer Textile Plant and the VEB Neukircher Leather Factory with the establishment of a water management laboratory as well as provided intensively consultation on the solution to effluent problems to the plants VEB Trikotex Wittgensdorf, VEB Two-Cylinder Spinning Mill, VEB Bright Dye Works Limbach-Oberfrohna, and VEB Bandex Steina.

But also other collectives show, with their initiatives, a mature consciousness. The KDT active of the Combine Sugar has developed great activities toward the utilization of intermediates and waste products of sugar refining for a biotechnical use. Through the collaboration of the industrial sections of the Institute for Research and Rationalization for the Sugar Industry and the Sugar Factory Haldensleben a process for the anaerobic treatment of highly polluted effluents was worked out as well as a large scale pilot plant was prepared. In connection with this, there has been a significant reduction of processing water consumption in sugar factories and a significant increase (up to 80 to 90 percent) in the degradation capacity for organics with the lowest processing costs. The gains, that are achieved with the large scale pilot plant, come to 328,000 marks.

Great efforts are becoming visible in other areas too. The Non-Alcoholic Refreshing Drinks Co. and the Technical Subcommittee for Water Management in the Food Industry are instituting in cooperation the recovery of valuable substances at the bottle washing machines of the MDG construction series. The process already used in breweries of liquor circulation makes possible through the recovery of valuable substances an effluent clean up and the elimination of investment for effluent treatment installations.

During a seminar in May of this year the data from the large scale experiments in the VEB Municipal Brewery Olbernhau were evaluated, solutions for the in-house reuse of rinse water from bottle washing machines, e.g. as boiler feed water and industrial use water, were presented, as well as information was presented on the bottle washing program of the VEB Machine and Steam Boiler Construction Gera, which contributes to water and energy savings. These are data which the recommendation of the research Association for Water should suggest to the FV/WTG [Research Association/Scientific-Technical Society] areas of water use for the inclusion of the rational water use in its branch-specific endeavors.

The Technical Association for Water is constantly striving to take into account with its arrangements for further education the great economical desire for rational water use.

Accordingly, the 15th Effluent Technology Seminar on the subject of "Effluent Treatment and Recovery of Valuable Substances - Decisive Components of the Rational Water Purification" that was carried out in cooperation with BV Gera, was used in order to present new, more advanced technologies from various water using areas of the economy and recovery processes. The seminar confirmed the flotation process, adsorption process, as well as the emulsion calculation as equally promising and multivalently applicable effluent purification principles. With flotation considerable efficiency in the recovery of valuable substances can be achieved.

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ECONOMY

GERMAN DEMOCRATIC REPUBLIC

# AUTOMATION INITIATES COMPREHENSIVE INDUSTRIAL, SOCIAL CHANGE

East Berlin WIRTSCHAFTSWISSENSCHAFT in German Vol 33 No 10, Oct 85 pp 1467-85

[Article by Werner Huebner, Dr of Economics, Certified (Industrial) Engineer, born 1938, scientific assistant with the Central Institute for Economics, GDR Academy of Sciences; and by Peter Straehmel, Dr of Economics, Certified Economist for (Industrial) Engineering, scientific assistant with the same institute. Original title: "Automation--A Basic Factor of Comprehensive Intensification".]

[Text] At the ninth SED Central Committee session Erich Honecker pointed out that "the time has come to make a decision that takes our thoughts on our country's development up to 1990, even up to the threshold to the year 2000."<sup>1</sup>

For the future economic development up to 1990 and beyond it is important to get much out of those factors especially that ensure over the long run, stably and irreversibly, the process of intensively expanded socialist reproduction. That was emphatically endorsed at the 10th SED Central Committee session. The sources and substance of growth are changing during comprehensive intensification while they in their specific ways and means determine the course and tempo of expanded reproduction.<sup>2</sup>

Among the long-term stable factors of comprehensive intensification undoubtedly is the automation of production and labor. Of it one rightly expects for now and the years ahead strong impulses on our society's economic and social development. Theoretical and practical generalizations on the essential substance of automation, its revolutionary function in the system of the productive forces, the main trends and stages of its development, and the consequence and scope of its effects on socioeconomic development are important and necessary tasks in economic science research. They ensure the necessary leads in insight to guarantee a high efficiency and performance growth and the enforcing of socioeconomic aspects under the conditions of comprehensive intensively expanded reproduction.

Economic science literature has often presented research results and discussed basic problems on the substance and developmental trends of automation and its socioeconomic effects.<sup>3</sup> Many questions of the social application and development of automation call for more of a clarification still, however, from the political-economic point of view. That includes above all more penetrating knowledge on the further development of automation as dependent on the production goal, the overall economic framework conditions, the scientific-technical



innovations, and the socioeconomic conditions; the substantive characteristics of automation and its effects from the social point of view; and problems of the social planning and management for the economic spread of automation. Surveys on these sets of problems are of great importance right now because, for one thing, none but microelectronics facilitates a fundamentally new and qualitatively higher level of automation yet, on the other hand, none but the total effects of this new quality can properly characterize the role and position of automation in comprehensive intensification. The following remarks intend to comment on some of the technical-economic and the socioeconomic aspects.

#### Microelectronics--Basis for a New Quality of Automation

The technical status of testing, control and regulating techniques thus far largely controlled the developmental level of automation. Mechanical, hydraulic, pneumatic, electrical, and electromagnetic control and regulatory mechanisms would for a long time constitute the essential components of automation technology. It had a harshly confined capacity for the data collecting, storage, transmission, and processing in the production process. It was hardly possible to carry on any complex information exchange, let alone an automatic overall handling of the various parts of the system. The data processing side of automated production processes lagged far behind the other two components, energy and material conversion, in its technical-economic development and ultimately became a constraint to the further development of the process techniques. A high degree of automation attainable in production was correlated with relatively rigid production procedures in mass production, primarily in energy and operational techniques. While traditional automation techniques had initially paved the way for modern synthetic chemistry and the output in power plants and in metallurgical enterprises and in the mass production of the processing industry, already in the 1960's these techniques showed the tendency of putting a brake on increasing the rate of the process, optimal process operation, a qualitative and quantitative increase in the production volumes while keeping even or reducing energy and raw material investments, on the technical-technological utilization of microstructural natural processes and the coping with the management and control efforts, rising due to constantly greater complexity, the effort, that is to say, information called for. Sectors with high data processing requirements, such as the nonproducing sectors and the sectors outside of production itself (R&D, planning and management) as well as the production branches in small and medium-size series production could hardly raise their productivity and efficiency levels by means of these automation techniques. Nor did the use of ADP in the 1960's change that substantially because, for one thing, a spread of the data processing side could technically be realized but incompletely, because of lacking decentralized (spatially distributed) and hierarchically structured systems, for example. On the other hand, these techniques precisely were too susceptible to interference and called for high function-specific economic expenditures. In the late 1960's the GDR developed systems to improve productivity and efficiency in the metal-processing industry. That included the streamlined technical production preparation automation system (AUTEVO) with its part component of automating mental work in the range of that technology (AUTOTECH) and in design/project planning (AUTOKONT/AUTOPROJEKT) and the setting up of centralized production facilities for making individual parts and components. All these systems, however, could not be effectively enforced over the broad economic scale at the time by means of the automation techniques then available.

The transition to comprehensive intensively expanded socialist reproduction calls for surmounting such inhibiting factors.

Through the development of microelectronics the prerequisites have been and are being laid for surmounting the inhibiting factors of "traditional" automation step by step. It is clearly apparent that this process goes very fast and the limits of that development still are not foreseeable. Microelectronics, however, not only makes possible a new qualitative automation level, it mainly also creates the conditions for shortening the thus far still more or less lengthy historic process from the simple technification of more and more fields of work down to their automation. Important here is the possibility to leap over specific distinct technification levels, of the "division of labor, which already transforms the workers' operations more and more into mechanical ones, so that at a certain point the mechanism can take over for them,"<sup>4</sup> as it was typical of the development of big industry. Microelectronic automation technique makes possible achieving the technification of human labor operations in larger complexes and on a higher technical level from the outset, without having to use successively technical, mechanical, or partly automated working tools for each part of the labor.

The technical-economic potentials of microelectronics cause a penetrating, qualitative and quantitative, upward development of automation technique, especially by the following effective influences:

First, through microelectronics new automation technique elements are tapped, especially for collecting, storing, processing, and transmitting complex data. Of elemental importance to it are the microprocessors which, with their extra microelectronic components like program storage, data and labor storage, and input and output units, form the core of the future automation techniques. Microprocessors and storage units form the basis, for one thing, for the needed transition from the central to the decentralized control over machines and installations and, on the other hand, for the combination of central and decentralized controls into control or computer hierarchies. Even by directly integrating computer and ADP technology, the technical means of automation attain a new quality.

Second, the use of microelectronics on the one side leads to increasing substitution and, on the other, to a technical integration of the conventional testing, control, and regulatory techniques. Electronics' entering the process sequences, the control and regulation of processes under real time operations, calls for a broad spectrum of microelectronic elements to gather and process information. Of special importance here are relevant microelectronic sensors which, coupled with microcomputers, can e.g. collect, convert, analyze, store, and process physical entities like pressure, vibrations (sound, that is, even language in the future), heat, magnetic fields, beams, directly and in small units. The further growing performance potential of microelectronics in connection with other innovations directly initiated by it (such as the condenser relay techniques) also raises the elements of the testing, control and regulatory techniques onto a completely new qualitative level.

Third, microelectronics forms the foundation for pervasive changes in the information infrastructure through the development of new media, new transmission and communications systems, and local, regional, and international networks. The formation and fusion of some partial areas in the information and communications systems and their close link with the material production processes will significantly lead to a higher social complexity and flexibility of automation solutions. From control and regulatory electronics, from computer-aided design and processing systems, and from others, data (language, text, picture, data through possible conversions from analogue into digital signals and vice versa) can be made available at virtually any quantum, at any time and anywhere. Especially the chances for controlling central and decentralized operational and territorial streams of information, i.e. of the complex multivalent use of data once received, lead to an extremely strong reduction of the thus far economically advantageous automation threshold. The scope of the effectively automatable functions of the reproduction process increases enormously.

Fourth, introducing microelectronics leads to the formation of two basic and relatively independent components of automation technique, the hardware and the software. As an indispensable component of the means of automation, software is an element of working tools completely new in quality. "Hardware cuts short and intensifies the processes through its working speed and synchronizes the various processes, but the qualitative changes of the labor processes and their control goes via the software."<sup>5</sup>

For the quality of automation solutions both elements are of elemental importance. Qualitatively and quantitatively inadequate software can bring it about that the possible performance potential of the entire automation system fails to become fully effective, so that possibly efficiency losses arise in time sharing and the energy and raw material use and quality deficiencies in the products. Software thus significantly controls the tapping of the hardware's efficiency potential, provided of course that an efficient and constantly operational hardware is in place. Technically inadequate hardware cannot be substituted for by anything, not even by the best software. The latter also always depends on the technical-economic potential of the hardware. Important though for controlling automation solutions is that with the increasing efficiency and increasing degree of integration in the application systems the qualitative and quantitative demands made on the development and maintenance of the software mount drastically in part. Gilde, for instance, says about using robots: "A widespread error is the belief that electronics (Authors: i.e. the hardware) is decisive in the use of robots. The most important and most difficult and, over the long haul, the most costly and expensive is the software."<sup>6</sup>

The fifth point relates to the application of microelectronics together with the miniaturization of automation technique, the higher labor velocity, the flexibility and reliability of the systems, the relative and absolute reduction of energy and raw material consumption as well as of the maintenance and repair expenditures. Especially important for the cost and efficiency level of automation technology is the further sustained positive cost/benefit ratio for microelectronic components. It is nationally as well as internationally perceivable that dropping or stagnating prices for components are also going to contrast in the future with an electronic performance growth in magnitudes.

Table 1 demonstrates those trends by the example of the development to be expected on the capitalist world market for microelectronic storage elements. Accordingly, the price for chips per million is to plunge from \$ 50,000 in 1973 to \$ 60 in 1990. Particularly via its exponentially growing functional crescendo and the exponentially falling cost/benefit ratio of its components (while resorting less to resources), microelectronics creates its potentials for the development, production, and application of labor, fund, material, and energy-saving automation techniques.

The development of automation technique proceeds in close interaction with that of process techniques. Compared with the extremely high developmental speed of automation technique, initiated by microelectronics, the process techniques at this time change still relatively slowly.<sup>7</sup> The rapid development potential of automation technique based on microelectronics already runs up against constraints due to the slow rate of innovation in process techniques. Such a reversal is indicated that conventional process techniques can now put a drag on the further development and effective use of automation. "More efficient and cheaper storage units and control systems can less and less be grafted onto aggregates of conventional design. The designs themselves under the impact of improved control techniques are drawn into the accelerated process of change."<sup>8</sup> The advances in machine tool construction, e.g., are mainly based on the application and constant upward development of modern CNC [computer numeric control].<sup>9</sup> That development, however, in no way means that existing proportions will continue forever. On the contrary, automation strategies will in the future have to focus on including new process techniques. Also in this sense must one understand the guideline for the new phase of the economic strategy, "to boost efficiency and productivity importantly through new products and modern technologies."<sup>10</sup>

The long-term development of automation technique and, hence, its efficacy to perfecting the production structures, the economic efficiency and performance improvements, will, especially after 1990, be significantly marked by the development of computers with a so-called artificial intelligence (computers of the 5th generation). By this developmental trend one will reach the transition from simple, formal to combinational data processing, to knowledge processing, as it were. Systems of this sort will form the basis for solving complicated labor requirements and supporting rapid and expert decision-making. They will facilitate, e.g., the input and output of data by means of natural languages and graphics, the development of highly integrated programming, a higher qualitative development of decentralized data processing, and its link with other systems over large geographic distances. Extremely efficient computers will form the basis for new generations of product and process controls.<sup>11</sup>

Table 1. Trend of the Cost/Benefit Ratio for Microelectronic Storage Units on the Capitalist World Market

	1973	1978	1983	1988	1990
Cost/benefit ratio (\$ per megabyte)	50,000	5,000	500	100	60
Storage capacities (kilobyte)	1	16	64	256	1,024

Source: "The Price Miracle," CHIP, No 10, 1984, p 266.

What is uniquely important in this trend is that the production intensification becomes feasible in a new fashion. That sort of a level for ADP facilitates within the process of comprehensive intensification a shift of emphasis for production boosts from a primarily physical to a primarily mental type of work,<sup>12</sup> which opens up virtually unlimited potentials for intensification. So automation becomes an essential and stable factor of comprehensive intensification, effective on long-term, because it greatly controls the level and dynamics of productivity and efficiency.

#### New Quality of Automation and Comprehensive Intensification

What comprehensive intensification is all about, after all, is that, on the one side, the entire economy, all its sectors, not just some branches or combines, will move toward intensification, including even the sector of individual consumption, and, on the other side, the cost/benefit ratio is improved, relative to all types of outlays and forms of consumption, and by use of all intensification factors.

Proceeding from the various influences indicated on the continued stable shaping of the intensification processes, the following effects of qualitative changes in automation seem to be especially significant.

First: Practically, automation solutions can take effect in all production and labor sectors. The automated field of application therefore expands fundamentally. Thus far, the direct production processes in energy and operations techniques and the large series and mass production were preferred fields of application. Yet in the future more or less all sectors of the social production and labor process will gain access to automation. Thereby automation invades fields of work that had hitherto been reserved to immediate human action or were typical of the lower levels of mechanization. That circumstance has extraordinary consequences for the intensification process and is tied up with pervasive socioeconomic changes.

Through the possible extension of automation to mental work in the sectors outside of material production and in the non-producing sectors, but also through possibly including direct production processes that had thus far been largely closed to automation, such as small and medium-series production, the field for the economic application of automation techniques becomes much wider, and new and stable intensification factors can on the long run be opened up.

The scope of the sectors of "non-material" mental production, the production of ideas, concepts, consciousness and its forms, as Marx and Engels put it,<sup>13</sup> increased steadily in the past. In highly developed industrial states the number of those directly engaged in production receded or stagnated. The number of those engaged in the sectors outside of production and in non-producing sectors climbed considerably in part, a trend typical also of the GDR, as Table 2 demonstrates. The automation that is possible for primarily mental work leads in those work areas, in addition to essential performance improvements, to a relative or absolute saving in live labor, to a reversal or narrowing, i.e., of the developmental tendencies thus far. While in the past

the indirect production sectors primarily were the sources for gaining manpower, in the future that will also be true of sectors of primarily mental work. This labor is highly skilled, mind you, for which the social reproduction expense and reproduction period this way can relatively much be reduced. In 1980, e.g., 62 percent of those engaged in R&D were made up of college and technical school graduates. Their proportion of the work force in non-producing sectors came to some 43 percent in 1983. Nearly half of the work force in our economy with college or technical school diploma is in non-producing sectors.

However, in the historic development of the social division of labor at the same time important productivity and efficiency differences evolved between the sectors primarily with physical and those primarily with mental work. Office work performance developed much more slowly than the productivity in material production. Expert estimates indicate that in the last 100 years (1880-1980) productivity rose by some 1,400 percent in the world; yet the rate of performance improvements in the office, and so also that of production preparation, is said to come only to some 40 percent. The discrepancy is, not last, attributable to that each office job in the period under consideration made for less than one-tenth of the investment placed for a release in the productive sector.<sup>14</sup> How important it is to overcome, particularly, this gradient in efficiency becomes clear when one considers the developmental trend in the ratio between principally physical and principally mental work in the total social labor system (cf. Illustration 1). Even if the trend shown in that illustration may not have been as even and at the indicated altitude, historically speaking, the rapid increase in principally mental work over recent decades is clearly apparent--as it is also borne out by Table 2.

Yet to the extent that primarily mental work becomes the decisive component in the production and labor processes, its efficiency likewise becomes the decisive factor in overall economic efficiency.

The possible increase in the efficiency of mental work by means of a qualitatively new automation technique constitutes an essential point of departure for accelerating scientific-technological progress as the most important intensification factor. Particularly in the science-technology-production-sales cycle, the efficiency of the principally mental work becomes the crucial factor.

Table 2. Trend of the GDR Employment Structures

Years	Ratio between Employees in Non-producing Sectors and Total Work Force (Percent)	Proportion of Production Workers to Total Work Force in Industry (Percent)	mvI <sup>a)</sup> (Percent)	R&D Personnel (College, Technical School Personnel) Total
1955	14.2	72.3		
1960	15.5	71.4		
1970	17.5	65.2	60.4	127,000 67,000
1975	19.0	66.0	60.2	162,000 94,000
1980	20.1	63.5	58.4	182,000 113,000
1983	20.7	63.1	58.5	200,000 <sup>b)</sup>

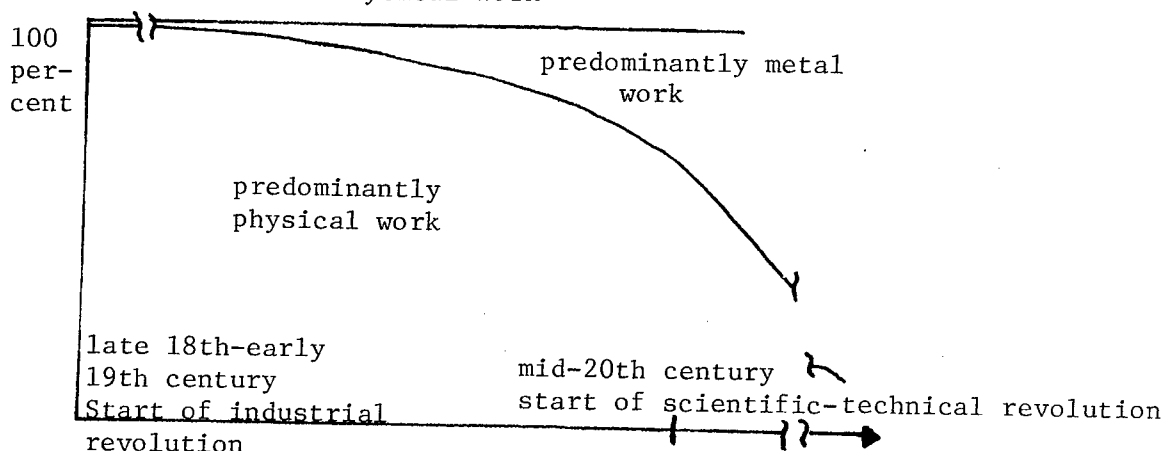
a) mvI=metal-processing industry. In FRG machine building the 75.5 percent proportion of 1960 dropped to 60 percent in 1980. b) 1984.

Source: From data in GDR Statistical Yearbooks and "Blickpunkt Wirtschaft" [Aspect Economics]: "Hohere Effektivitaet durch Wissenschaft und Technik," 1984, p 77.

If one wants to create fundamental scientific-technological insights and solutions for problems, one must have a modern research technique and use it effectively. The point is, after all, to open up to social production an "exceptional" productive force through the R&D process. As the use of machines multiplied the efficiency of physical work, the same will be possible for mental work. The tasks of future developments plainly also has to be to ensure optimal interaction between man and automated working tools in processes principally mental in character, so that there too man can become ever more effective in conformity with his performance qualifications. With the increasing linkage between science and production, the efficiency of the material production processes will increasingly be determined by the efficiency of scientific and scientific-technical work which, after all, is primarily mental in nature. The proportion of created value by mainly physical work declines in tendency then, whereas that from mainly mental work increases in tendency. Crucial, however, is the "economic use value" of the results of scientific-technical work because through it the production preparation sectors, such as design and technology, affect the production costs, in machine building, e.g., to between 60 and 80 percent, and the operations periods in small and medium-series production, to circa 55 percent. Increasing the efficiency in the pre- and post-production sectors through various technical-technological factors has positive effects on reducing run-through periods and costs, on possibly raising the product turnover, the quality of output, and the reaction capability to changing market requirements, and in the final analysis it more and more determines the efficiency of the entire operational reproduction process.

Labor processes not automated in immediate material production thus far for economic reasons now can be opened up to automation and dealt with on a higher qualitative level. These are mainly activities where both man's physical and mental work is taken over by robot technology, for instance in assembly processes. In 1980, the proportion of "manual work" in material production was still only 30 percent, but in assembly work almost 70 percent was handled manually, and in auxiliary processes, i.e. intra-plant transport and repair, it came to roughly 60 percent.<sup>15</sup> These "residual positions" of mainly physical work in the production sphere can increasingly better be integrated with automation processes. Process-flexible robots, automated transportation and assembly systems, and other automated machines, devices and installations form the material basis for a more comprehensive intensification of the direct and indirect production processes.

Illustration 1. Trends in Reaching Relative Self-Reliance by Predominantly Mental or Physical Work



It is essential for enforcing comprehensive intensification that all production and labor sectors become more efficient, whatever their size. In the early 1980's, mainly the site-concentrated large enterprises would use the efficiency potential of the new automated technology, but in subsequent years it would make rapid inroads into small and middle-size enterprises. Japan, e.g., expects to operate circa 40 percent of all installed robots in enterprises up to a work force of 500 by 1985. Table 3 shows the estimated spread of some new automation techniques in the United States in terms of size of enterprises.

It is apparent that the future use of this technology is envisaged especially for small and middle-size enterprises. This development is of great interest also to the GDR. Especially in the processing industry sectors there are relatively many medium and small enterprises along with the large-scale enterprises. In the circa 1,350 machine and vehicle construction enterprises, e.g., a high percentage of the workers and employees can be found in enterprises up to a work force of 500.<sup>16</sup>

The use of new automated technology will become an important element for more broadly exploiting the intensification factors also for all middle and small enterprises, in the long run. In our view, the trend toward basically expanding the field of operations is the decisive technical, economic, and social thrust evolving from the new quality of automation.

Second: Another important developmental trend lies in the increasing complexity of automated solutions, i.e. automated single working tools, groups of working tools, and whole processes. This actually involves three closely entwined processes. For one thing one can see the tendency toward an increasing installation character of the working tools, the transition from single machines to machine systems and automated enterprises in production. Secondly, complex territorial automation solutions which already embrace parts of production and labor and consumption are becoming more important. Finally, the possible data processing in all sectors of the reproduction process becomes more complex through integrated information and communication systems. The technical development of all three sides depends significantly on the status and further development of information technology and its integrating capacity.

Table 3. Estimated Use of Automation Technology in Terms of Sizes of Enterprises in the United States (enterprise size proportions in percent)

Use of		<u>1 to 99</u>	<u>100 to 499</u> <u>employees</u>	<u>500 and more</u>
CAD/CAM systems	(1)	2	8	50
	(2)	15	35	90
CNC-controlled machines				
and processing systems	(1)	0	4	65
	(2)	10	25	96
Industrial robots	(1)	5	12	45
	(2)	20	35	83

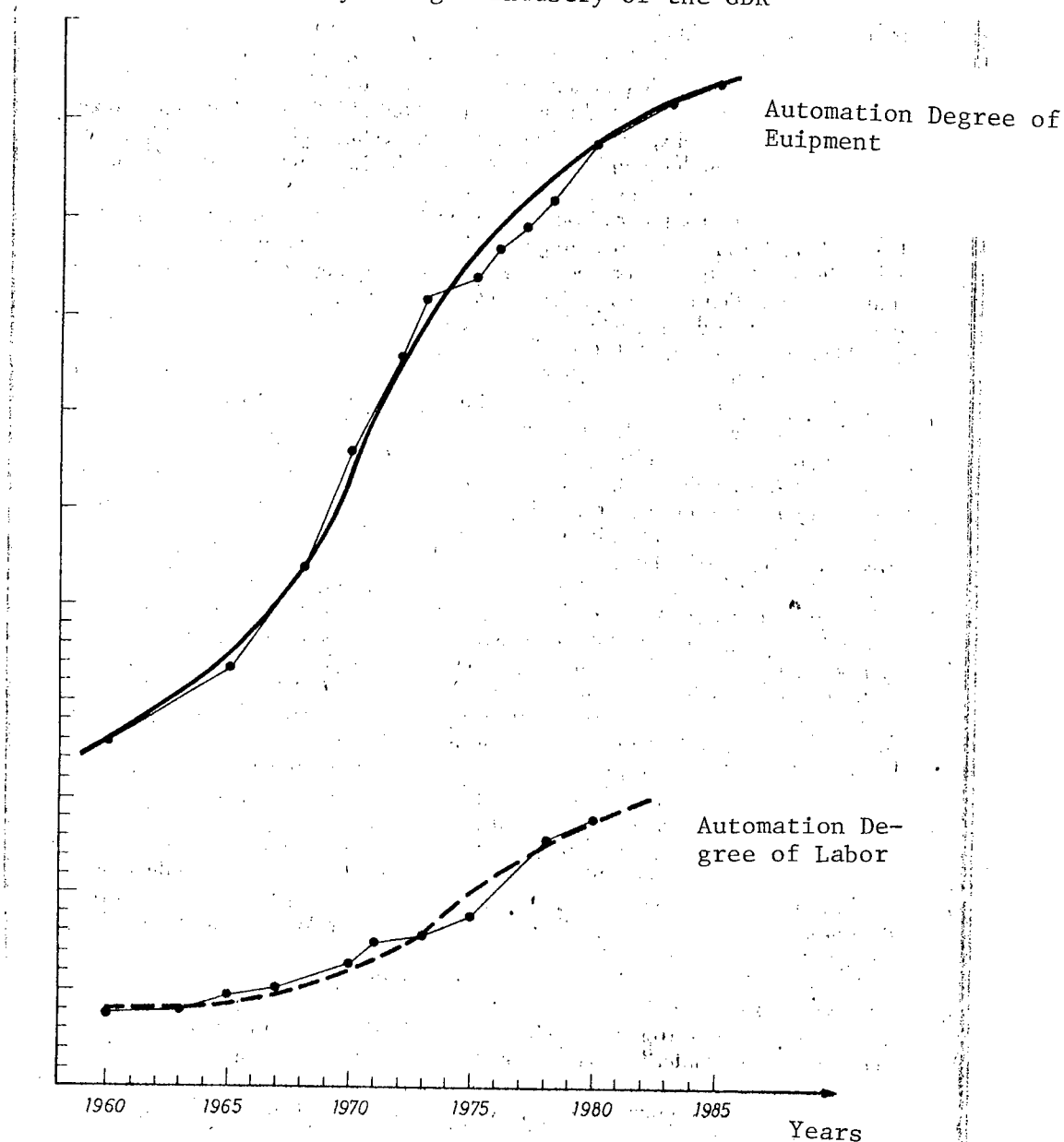
(1) Roughly between 1980 and 1981. (2) Five to 10 years later.

Source: From H. Berndt, "Capitalist Rationalization with Flexible Processing Systems," IPW BERICHT, No 3, 1984, p 27.



Continually running production processes in energy and operations technology have come for some time with a high degree of complex automation, which results in particular from the high technological thrust of those processes. Discontinuous production processes, on the other hand, were given much less complex a degree of automation thus far. Especially in those enterprises the development is such that would lift the production enterprise onto a higher level as a streamlined production-organizational and production-technical system by means of using a qualitatively new automation technique. In machine building, e.g., the transition from a single machine via technological units to integrated production sectors in which the needed work piece, tool and information flow traverses through a complex system can be seen. Such a development is reflected, for one thing, by a steady elevation of the degree of automation in the equipment and, then also, by its differentiated dynamics (cf. Illustration 2). Roughly

Illustration 2. Development in the Degree of Automation of Labor and Equipment in the Centrally Managed Industry of the GDR



between 1960 and 1973, a relative growth can be seen (mainly an extensive expansion of automation technology in use), yet the relatively small increase between 1973 and 1985 also reflects a stronger linkage of automation equipment into larger complexes due to the transition to a primarily intensive basic assets reproduction (modernization of extant installations). The further spread of automation to always again new production and labor fields is going to lead once more to a progressively increasing trend.

Through the upward development of automation technology, especially the use of computer hierarchies and their being coupled with automated machines, devices, and installations, conditions have become ripe for focusing the automation strategies in all producing sectors on complex solutions throughout. "Automation solutions introduced without regard for the overall connection between production preparation and production operation can always lead only to partial results which mostly, moreover, are unstable in terms of time."<sup>17</sup> That calls for coupling the processes of design and technology, planning, management, and supervision, the materials economy, storage, and transport directly with the production process itself. Complex automation thus presupposes the comprehensive connection between the principally physical labor processes and the principally mental work activities--ultimately a complex fusion of all energy, material and information flow into one unified production process. The increasing complexity of automated solutions then also leads to a progressive integration of all main, auxiliary, provisioning and clearing processes in production. That development leads to automatic systems combining the process computer techniques and the machines equipped with micro-electronic controls, the industrial robots, the transportation, transshipment, and storage systems, the measuring, testing, and assembly techniques, and the computer-aided jobs in design, technology, and administration. That goes hand in hand with much of an intensification of the overall technological and economic processes.

Along with the requirements for a better control over the process parameters, complex automation mainly relates to reducing the run-through periods in the production processes and to shortening research processes and the material and financial turnaround, the acceleration, in other words, of the processes in operational and social reproduction. Erfurt's Forming Equipment Combine, e.g., through using complex automation (especially CAD/CAM solutions), was able to trim the run-through period from the signing of contracts to the sale of the commodities from the previous 16-18 months to between 6 and 8 months. Automated systems are the basis for increasing the production upgrading rate of 11 to 16 percent in the early 1980's to more than 30 percent in 1986. Isolated rationalization solutions often lead to remarkable results in cutting down the time frame without the production cycle for the commodities on the whole being significantly reduced because elsewhere the time gained is lost again. Complex solutions are needed to make effects like that take hold. Controlling the time factor as a key issue for the attainable increase in production efficiency also is lastingly affected precisely by the complexity of automation solutions.

Territorial complex automation solutions embracing parts of the production and labor sectors and consumption can constitute another important point of emphasis for comprehensive intensification. The use of ADP is the basis for the development

and application of complex automation solutions for heating, the aeration and ventilation of buildings, gas and water supplies, the producing and using of secondary energy, and the resolving of ecological processes. An important field of application here is the so-called structural automation with its broad opportunities for making optimum use of territorial resources while possibly improving the working people's working and living conditions.

Of special importance to further improving the efficiency of the social reproduction process through comprehensive intensification over the long haul is the now rapidly evolving formation of complex information and communication systems. Such systems close the time and space gap between information supply and demand; they make it possible for any kind of information to be furnished and used at any time. They permit a rational control over information, enormously increasing with the growing acceleration of the scientific-technical progress, and a decisive intensification of the now still very expensive process of data procurement, processing, and handling. They thereby lead to a more comprehensive and qualitatively improving control over data processes in all sectors of our economy. Directly supplying and processing data by complex information and communication systems becomes more and more a task of fundamental importance for the economic growth of our economy in many fields of the economy, production, and above all of science. Solving that task will in the future become an important prerequisite for controlling the science-R&D-production-sales cycle more effectively and at the rate required by modern productive forces development and the competition with capitalist industrial countries. Partial data systems in specific enterprises and sectors are combined into ever increasing units and tend to embrace all steps, phases, and sectors of social reproduction. Precisely in this field one can see most clearly that the increasing complexity of automation solutions is an essential condition for comprehensively explorable fields of effectiveness.

Third: Another basic trend in the qualitative change of automation is the higher flexibility of automation solutions. That is largely due to the technical-economic status of microelectronic automation techniques, i.e. to the quality of product and process controls, the computer and ADP technique, and the available usable software. Often the importance of higher flexibility is narrowed down and related only to the techniques in small and medium-size production of the metal-processing industry. Such a narrow view of the basic change in automation fails to see the abundant opportunities for opening up the efficiency potential as to the fields of application shown under point 1. The higher flexibility of automation solutions undoubtedly is a general trait of the new quality of automation. Many examples demonstrate that more and more industrial production processes and labor processes in non-producing sectors are being flexibly automated. Only circa one-third of the flexible industrial process robots found in our economy are assigned in the centrally managed sector of our metal-processing industry. Microcomputers for drawing pattern designs and control automated knitting machinery in the textile industry, e.g., are trimming the expenditure of live labor for a pattern design from 1,400 to from 10 to 40 minutes per pattern and permit effective production at a lot size reduction from 20,000 to below 100 pieces.<sup>18</sup>

Creating and efficiently using flexible automation solutions becomes increasingly an economic requirement for the combines and enterprises so they will meet faster and more comprehensively the multiple conditions of scientific-technical progress with respect to product innovation, increasing product variety, and a higher speed in the spread and width of application of the products and of export needs and requirements. Economically using science and technology especially by way of new products which as production instruments also promote new technologies offers a unique opportunity for bringing out new products with less investment of live and embodied labor. Implementing the central guidelines on obtaining an annual average upgrading rate of 30 percent for industrial production and 40 percent for consumer goods production will in the future be dependent on how well we succeed in making the operational reproduction process more flexible. A flexibly usable automation technique therefore becomes more and more of an essential prerequisite for efficiently resolving the increasingly sharper contradiction between the high dynamics in the product and technology development on the one side and the economic use of long-lasting basic assets, on the other.

Internationally, demonstrating a flexibly organized field of operations for automated techniques counts among the outstanding criteria for the efficiency of automated working tools. While only a few years ago machine tools under CNC control were mainly meant for use in small and medium-series production, now the CNC more and more deeply penetrates the entire machine tool assortment and replace highly productive conventional automation equipment while boosting the performance. Machine tools under CNC control--often exposed as synonymous with the flexible automation of small and medium-series production--also increasingly enter the sectors of large-scale and mass production, where they also make possible a higher flexibility of the working tools, compared to what previously mainly were separate automated single-purpose machines. It is apparent that microelectronic machine and installation controls are penetrating ever more deeply the working tools of all production sectors. The flexibility of automation solutions thus is not the sole preserve of automation for small- and medium-scale production.

The economic effects of high flexibility reveal themselves mainly in connection with the greater complexity of automation. Single flexibly automated means of production do provide partial efficiency advantages but they do in no way place the industrial production process onto a qualitatively new level. To bring the advantages of the flexibly automated working tools to full effect, their development has to be coordinated in all labor processes--in production as well as in the pre- and post-production sectors--and their effect has to be passed on to the production process on the whole.<sup>19</sup> Achieving a high flexibility in the production machinery thus also always calls for complex automated solutions.

#### On Some Social and Structural Aspects of the New Quality of Automation

The new quality of automation, based on microelectronics, leads to penetrating, revolutionary changes in the material-technical conditions for the existence and development of our society. Of elemental importance, as already pointed out, is that automation can far exceed the limits of its application thus far and thrust into new sectors of social production and labor. On the one hand,

comprehensive intensification is thereby placed on a much broader base and, on the other hand, automation exercises a much deeper influence on various sectors of public life closed to it thus far. The rate and breadth of application of automation then determine no longer merely the possible opening up of a broad effective field, they affect also the scope of the involved, and to be controlled, social effects and changes in the social organization of production and labor. The economic, social, and organizational effects are, as shown above, by no means confined to the immediate area of production. Basic changes occur in those sectors which, in contrast to material production, had thus far remained relatively untouched by technical progress and its social and organizational effects. The social changes in the spheres of principally mental work will undoubtedly be no less significant than those in the production processes as such. The gradual surmounting of essential differences between physical and mental work, today and in the future a basic requirement, as it were, for increasing productivity and efficiency, for satisfying social needs in the production and labor process, and for the further unfolding of the socialist way of life, receives its technical-technological basis from the new quality of automation, without which it is impossible.

One of the special factors relative to the social concerns of the working people, their working and living conditions, while also important for intensification, is there the technically and economically necessary production and labor regimen of "around the clock." "High capacity use of machinery and installations in connection with multishift use of them more and more becomes the pivot and fulcrum for economic advances in the field of intensification as such."<sup>20</sup> Along with a steady increase in shiftwork in production itself, the capacity use of modern technology is already increasing today in data processing centers, on computer-aided design, project planning and technological jobs, at the social and health provision facilities in enterprises, in municipal transportation, and at modern research institutions. At the same time, through automation on the basis of microelectronics possibilities are indicated for largely shifting night shifts that go hand and hand with three and multi-shift operations from man onto technical means, expressed, e.g., in night-shift labor that does not call for much service or in "unmanned" operation.

Precisely during the transitional phase from the "social exception" to the "social norm" automation leads to new and higher labor requirements, conditions, and relations. While it makes possible cutting back in hazardous and heavy physical and monotonous work, it also enriches the substance of labor. Just think of the use of flexible process robots. On the other hand, it makes higher demands on the working people's willingness for training and advanced training, their flexibility and mobility, and a systematic control over manpower changes within and among enterprises and facilities. Enterprise or combine-internal solution variants no longer can deal with **this** development. Territorial and overall social complex solutions become necessary. Yet this relates not only to matters of infrastructural safeguards, it mainly relates to questions of social and moral recognition.

The economic and social effects of the new quality of automation are determined not solely by the qualitative and quantitative changes in automation technique. Of importance also are pervasive changes in the social organization of production and labor. Because of the high efficiency of automation solutions and

their complexity and flexibility, the production cycle must be organized in such a way that novel and marketable products can be produced in small and medium lots and at broad assortments without any loss to efficiency gains, perhaps by reducing the run-through time frames and a working capital tie-up through limited cooperation relations. For that reason, there are then entirely new demands made on the qualitative and quantitative organization of socialization processes. Ancillary industry, for example, must meet higher criteria for flexibly making available, proper as to qualities and schedules, ancillary products suitable for automation. Connected with that, we must further improve the systematic control over a high flexibility of the economic activity of our combines while they continue to become further entwined in our economy.

The ongoing process of an upward qualitative development of the material-technical base of our economy relying on automated machinery, devices, and installations new in quality proceeds not without contradictions. That there is a "broken in" technology technically and organizationally dominating the production which is of course in part an old technology, is inhibiting to some extent.

The experience of recent years shows that, on the one side, there are greater chances than are thus far being used for modernizing through matching micro-electronic automation technology and the connecting of conventional techniques with CNC machinery, flexible industrial robots, computer controlled transportation and storage systems, and other things like that. On the other side, one also finds that not the whole available machine and equipment park is suitable for an effective modernization. The modernization of what there is must be considered an extremely important way for reaching the qualitative upward development of our material-technical base with a high economic and social impact, combined with the indispensable part of new equipment allocated through the investments of our economy.

There will however also be differentiations in the whole qualitative transformation process of the material-technical foundations of social progress. Evolving complex-automated production enterprises in the processing sector and more complex information and communication systems is a topical task which, however, also ranges into the far distant future and calls for high scientific, educational and investment appropriations. That enforces a graduated realization while capacities and funds have to be assigned in a concentrated and complex manner. These are no mean efforts our economy has to make to carry on this development.

Characteristic, however, of the future development of comprehensive intensification is that the acceleration of scientific-technical progress in all fields is most essentially based on the use of modern data and automation techniques. Their preferential development, production, and application therefore remains in years to come a fundamental requirement for economic structural development. At the same time, this development in many sectors of production requires profound technological transformations the likes of which one could not even imagine only a few years ago.<sup>21</sup>

For more resolutely implementing automation in the years ahead, there are especially four aspects that seem to be of essential importance:

First, it is important to activate all conceivable efficiency reserves of automation through minimal fund allocations. That makes it necessary to continue in carrying on the so-called partial automation, the use of separate automated machines and devices within the production process as is--on a level, to be sure, that is determined by microelectronics. Along with the new introduction of automated production and working tools, a dominating role continues to attach to the modernization of extant fixed assets even for more complex automated techniques. Important prerequisites for that are a fundamental reorientation of rationalization means construction toward a broad assignment of microelectronic automation techniques while safeguarding the software requirements.

Second, for future conceptualizations for automation solutions, one must start with the aspect of their consistency. Then one will have to bring together at the same time, consistently, on the basis of a technical-technological change fashioned by the accomplishments of the scientific-technical revolution the production sector-related individual solutions on automated production complexes and, ultimately, for fully automated enterprises. This mainly involves implementing economic innovator processes that greatly require the use of modern automation technique, whereby they essentially affect the scope and degree of automated production. They call for a more long-term priority-oriented and concentrated allocation of capacities and funds at a closed and division-of-labor type cooperation in science, research and development, production, and application.

Third, the international developmental tempo in automation demands to come up with the first complex-automated enterprises as pilot projects already in the next few years, mainly in the machine building sector, in order to learn to deal with the many altered conditions like the coping with organizational structures, the linking of transport and storage processes including measuring and testing techniques, involving the pre- and post-production sectors, the development of software, and changes in working and living conditions, while at the same time gathering experiences for producing such technologies.

Fourth, it is important systematically to cope with the already referred to social and organizational concerns and consequences.

These aspects of the continued implementation of automation indicate that the future reproduction processes in the combines and territories, though identical, will and have to proceed unevenly in terms of time and locations. To these diverse conditions the economic cycle of combines as well as the branch and territorial management and planning process have to be adapted.

#### FOOTNOTES

1. E. Honecker, "Aus dem Bericht des Politbueros an das Zentralkomitee der SED--9. Tagung des Zentralkomitees der SED," Dietz publishing house, Berlin, 1984, p 7.
2. Cf. W. Heinrichs, "Comprehensive Intensification and Reproduction Theory," WIRTSCHAFTSWISSENSCHAFT, No 7, 1984, p 970.

3. Cf. H.-D. Haustein/H. Meier, "Flexible Automation--Key Process in the Revolutionary Change of the Productive Forces in the 1980's and 1990's," WIRTSCHAFTSWISSENSCHAFT, No 5, 1982, pp 669 ff; H.-D. Haustein, "On the Flexible Automation Strategy: The Computer-Based Development and Its Impact on Productivity," Ibid., No 7, 1983, pp 1002 ff; H. Nick/K. Steinitz, "Scientific-Technical Revolution, Microelectronics and the Intensification of the Social Reproduction Process," Ibid., No 11, 1982, pp 1619 ff; F. Pleschak/P. Krejzik, "Automatisierung aus oekonomischer Sicht" [Automation from the Economic Vantage Point], Die Wirtschaft publishing house, Berlin, 1982; R. Winter, "Rationalization of Research Work," EINHEIT, No 6, 1984, p 515; G. Langendorf/H. Nick, "Tendencies of Qualitative Changes in Working Tools," WIRTSCHAFTSWISSENSCHAFT, No 1, 1983, pp 16 ff; W. Huebner/W. Marschall/K. Steinitz, "Microelectronics, the Formation of a New Type of Technology, and Comprehensive Intensification," Ibid., No 7, 1984, pp 943 ff; P. Krejzik/F. Pleschak/F. Wiede, "Experiences and Tasks in Raising the Efficiency of Flexible Automation," Ibid., No 4, 1985, pp 481 ff; I. Fischer/K. Hartmann, "The Economic Strategy of the 10th SED Congress--A Challenge to Technological Progress," Ibid., No 1, 1982, pp 1 ff.
4. K. Marx/F. Engels, "Werke" [Works], Dietz publishing house, Berlin, 1956 ff, Vol 42, p 600.
5. E. Prager/E. Richter, "What Is Software," EINHEIT, No 2, 1985, p 153.
6. W. Gilde, "Robots Made from Standardized Units," EINHEIT, No 9, 1981, p 888. Current implementation problems in complex automation projects also do amount to making available high-grade hardware, yet still much more to that of high-grade software.
7. The term process technique is used here as a term to include all means of labor that directly affect the object of labor (energy, procedural, and processing techniques).
8. W. Jucker, "Microelectronics-- A Technical Challenge of Our Time," SCHWEIZERISCHE TECHNISCHE ZEITSCHRIFT, Zurich, No 2, 1980, pp 59-60.
9. The development of CNC controls (and other product controls) is marked by the use of new components and sets of components (for instance microprocessors and storage units with the highest integration density, special customer circuits, fast diodes, condensers, optoelectronic components, color displays, foil keyboards, higher program languages, BUS systems) and by the trend toward modular compact design. Along with it, the cost/benefit ratio has developed further for the benefit of users.
10. E. Honecker, op. cit., p 36.
11. In contrast to process controls, which are controlling complex technological processes (installations), we mean by product controls product-related controls for, mainly, separate machines and aggregates. The terms machine- and installations-controls are used for it as well.



12. At that, one has to take into account of course the relativity in the search for autonomy as between the physical and mental component of labor, because "even the purest research still is undeniably a physical effort. All human effort is mental and physical at one." (V. I. Lenin: "Werke" Dietz publishing house, Berlin, 1955 ff, Vol 38, p 405).
13. Cf. K. Marx/F. Engels, "Werke" Vol 3, p 26.
14. Cf. K.-O. Mueller, "Complex Program for Developing KDT Initiatives in Implementing Computer-Based Work," MSR, Berlin, No 11, 1984, p 507. Only one-sixth of the (per capita) equipment investments were placed in the non-producing sectors of the GDR compared with industry in 1983.
15. Cf. H. Fritsch/ B. Stiebnitz, "Arbeitsteilung im Kapitalismus und Sozialismus" [Division of Labor in Capitalism and Socialism], VEB Deutscher Verlag der Wissenschaften, Berlin, 1981, pp 150 ff.
16. The number of 700 persons in the average work force per enterprise is far below the average of the sectors energy and fuel industry, metallurgy, chemical industry, electrical engineering/electronics/equipment construction.
17. F. Pleschak/P. Krejcik, op. cit., p 70.
18. Cf. J. Durbrau/W. Netzschwitz, "Mikroelektronik--Wie veraendert sie unser Leben?" [Microelectronics--How Is It Chancing Our Life?] Dietz publishing house, Berlin, 1983, p 91.
19. Cf. F. Pleschak/P. Krejcik, op. cit., p 30.
20. G. Mittag, "Getting Set for the 11th Party Congress Through Highest Achievements," at the SED Central Committee Seminar with the General Directors of the Combines and the Central Committee Party Organizers, 7 March 1985 in Leipzig, Dietz publishing house, Berlin, 1985, pp 49 ff.
21. Cf. K. Hager, "The Unity of Science, Education and Culture," EINHEIT, No 11, 1984, p 981.

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ECONOMY

GERMAN DEMOCRATIC REPUBLIC

#### SCIENTIFIC LABOR ORGANIZATION'S ROLE IN COMBINES' PLANNING

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[Article by Dr of Economics Rudolf Hempel, scientific assistant at the Central Research Institute for Labor; State Secretariat for Labor and Wages. Original title: "Direction and Planning of Scientific Labor Organization in the District-Directed Combined Works"]

[Text] Comprehensive use of the Scientific Labor Organization (WAO) within the framework of complex socialist efficiency measures requires that its methodical approach also be ensured in the district-managed combine. Observance of three closely linked tasks is an essential condition.

1. Managerial rule of the WAO, and its complete inclusion in operational planning.
2. Firm inclusion of workers in solving the tasks of WAO.
3. Continuous training and qualification of the necessary cadres in order to create an appropriate qualifications level in the area of WAO.

These factors are of growing importance because of the large number of small and medium-size enterprises, the numerous technologies applied and products manufactured, and the progressive interlocking of combine enterprises within a district-managed combine.

To study the process of WAO inclusion in management and planning of district-managed enterprises and combines, existing experience of centrally managed combines was used and specific solutions were worked out, paying attention to the special circumstances of district-managed industry. In close cooperation with the economic council of the Dresden district, they were successfully implemented in the state-owned Praecitronic combine Dresden, and were recommended to other district-managed combines.

An essential component of managerial activity in the area of WAO is the planning of WAO measures. It proved correct in principle to derive WAO tasks directly from the intensification and efficiency concepts of the combines and enterprises. From these basic documents, development of a WAO concept is recommended for the conceptual plan preparation in every district-managed combine enterprise and every structure-determining combine plant. It is to be part of the plan sector Science and Technology

with its "long-term concept of the use and better utilization of society's work potential" (with regard to gaining more manpower and job savings), the plan sector Working and Living Conditions (with regard to improving material working conditions), and to be coordinated with activity plans to increase shift work and reduce job-related difficulties and exposures, and a five-year plan is to be prepared.

A detailed general part of the concept contains aims and study areas of WAO work, distribution of tasks, structural questions and a rough guide to the indices for 5 years in the district-managed combine, as well as a part of essential indices and tasks to be specified annually. Presetting of the following indicators is recommended:

Current Year	Plan Year	
Probable Actual Figures	State Task Setting	Draft Plan
a) Working hours saved through measures of WAO (Th) in total; of these, saved through the following technological steps --major production processes --auxiliary production processes.		
b) Number of existing jobs (total of workers and employees); of these, production personnel, management/administration.		
c) Total number of jobs eliminated; of these, production personnel, management/administration.		
d) Total number of jobs changed or redesignated.		
e) Total number of personnel gained for new tasks; of these persons, for --new tasks in the enterprise and in factories of the combine overall (relative gain) for greater utilization of the production funds for expansion of rationalization funds and the research and development potential for expansion of consumer goods production --tasks in other enterprises and combines of the region (absolute gain).		
f) Jobs where exposures occur (total number).		
g) Exposed workers (total number).		
h) Workers, at whose place of work exposures with health risks are being reduced (in case of several exposures) or eliminated, respectively (subdivided according to types and amounts of exposures).		

These indices must be brought in line with state reporting. Annual tasks must be planned, taking into consideration the major thrusts of WAO, enforced through individual measures, and categorized in the following manner:

1. Complex WAO measures
2. Introduction of typical WAO solutions
3. Development of manual work processes
4. Improvement of work and production organization
5. Tasks to improve material working conditions, including restructuring of exposed jobs.

Tasks of job classification and the development of new work norms and performance indices should be an integral component of all measures.

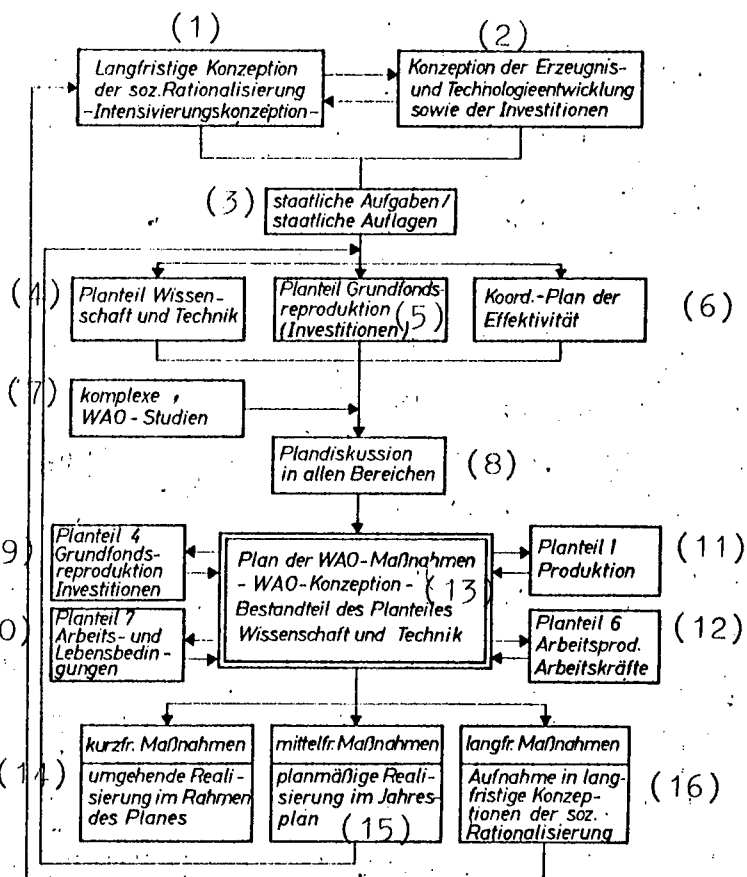
Table 1 presents the linkage between planning of WAO measures. This creates the conditions for planning all necessary personnel and material-technical prerequisites for exacting WAO work.

In the complex introduction of WAO it proved useful to establish an efficient WAO structural unit in the main plant of a district-managed combine, which carries out planning, coordination, implementation and the accounting of the WAO tasks of the combine. The following tasks are the focus of this structural unit.

Table 1 Planning of WAO Measures

Key:

1. Long-term concept of social efficiency-intensification
2. Concept of product and technology development, as well as investments
3. State tasks/state requirements
4. Plan sector: science and technology
5. Plan sector: fixed asset reproduction (investments)
6. Coordination plan of effectiveness
7. Complex WAO studies
8. Plan discussion in all areas
9. Plan sector 4 fixed asset reproduction investments
10. Plan sector 7 working and living conditions
11. Plan sector 1 production
12. Plan sector 6 work productivity manpower
13. Plan of WAO measures - WAO concept - component of plan sector science and technology
14. Short-term Measures: Immediate implementation within framework of plan



15. Medium-term Measures: Implementation under annual plan
16. Long-term Measures: Integration into long-term concept of social efficiency

- Development of WAO concept, and transmittal of preset requirements to the factories of the combines;
- Planning and accounting of the indices and measures vis-a-vis the management authority;
- Guidance for WAO mandataries in the combine enterprises and for WAO specialized cadres in the departments preparing production;
- Carrying out WAO analyses including preparation of data for job organization and classification;
- Planning and coordination of these preparations, and introduction of normatives and indicators on a company and above-company level for work productivity and sector-specific standard values for the labor force;
- Implementing formation of WAO collectives, and giving them guidance and support;
- Organization of an exchange of experience above the company level, and performance comparisons on the best technologies, progressive work methods, forms of wages, and results of work with normatives and indices of work performance;
- Implementation of hygienic work norms, and reduction of influences endangering health and obstructing work;
- Cooperation with institutions above company level (production group, AWZ, institutes of technology).

However, implementation of WAO is not solely the job of the WAO structural unit, but requires interdisciplinary cooperation, since every sector has to solve specific tasks.

Since not every plant can have an official chiefly responsible for WAO, due to the size and structure of combine factories of district-managed combines, the use of WAO mandataries has proven useful in assisting plant managers. These colleagues should be politically experienced cadres who command respect and authority and possess high expert knowledge in the area of WAO, classification and normatives; preferably, they should have authorization to measure harmful substances, or be willing to qualify for it, respectively.

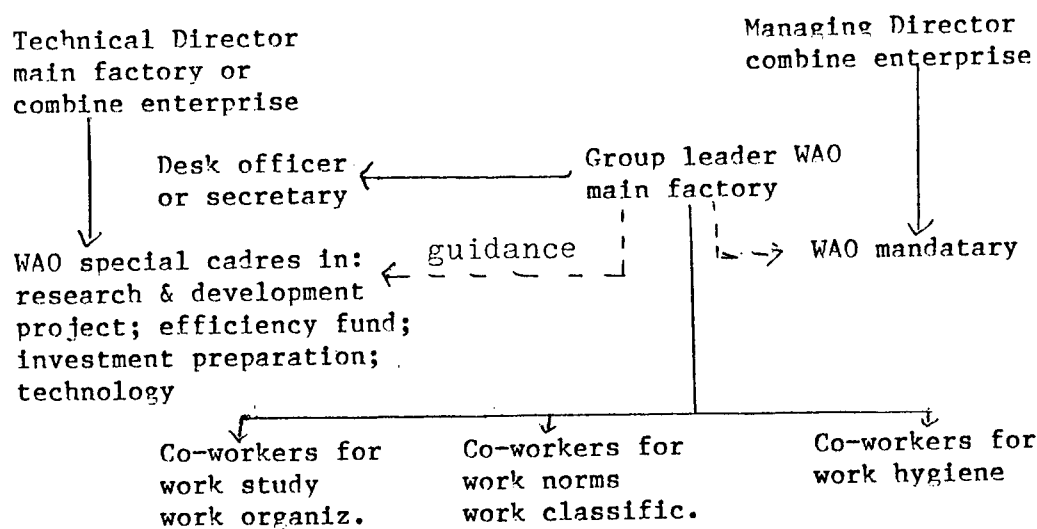
The WAO mandataries in the combine enterprises have the following tasks:

- On the basis of the combine's WAO concept, the indices set for the plant must be prepared and are to be proved by accountable measures, in coordination with the plant manager. The measures become part of the plan sector Science and Technology and must be controlled and accounted for.
- They are partners of the plant director for all WAO questions, as well as in the introduction of productive wages in the enterprise.
- They must provide guidance to the leaders of WAO collectives, including suggestions for qualification measures and organizing an exchange of experience.
- Timely and comprehensive inclusion of all workers in planning and implementing WAO measures, in connection with the appropriate state managers.

Furthermore, trained specialized WAO cadres are to be integrated in the production-preparing areas of science and development, technology, project planning and development of efficiency funds, in order to realize the

specific tasks of WAO in these areas. (Footnote) (See R. Hempel: Including WAO in efficiency measures of district-managed combines, SOZIALISTISCHE ARBEITSWISSENSCHAFT, 1985, No 5, p 333.) Labor-scientific requirements must be prepared and applied in the new or further development of products, processes, technologies and the shaping of work places and processes, so that they become effective in future work processes. For example, every production preparation should contain work with specific labor-scientific demands and their realization in the course of development. The WAO group leaders of the main plant perform a guidance function in this, just like the WAO mandataries. A proposal for possible integration and subordination of specialized WAO cadres in district-managed combines is shown in Table 2.

Table 2 Structural Integration of WAO Specialized Cadres in a District-Directed Combine (Proposal)



The forming of WAO collectives proved helpful in all areas in support of the work of these WAO structural organs and in a broad inclusion of workers in the rationalization process. It is important to develop staff management along the lines of the Schwedt experience. To coordinate tasks, we recommend that the combine management or main factory establish a WAO staff.

The WAO staff, consisting of top level managers, the party secretary and the chairman of the plant labor union executive board (EGL), is primarily responsible for developing the basic work directions and goals of complex rationalization in the enterprise. This also includes establishing the main functions of WAO collectives in management areas, and control of fulfillment of these tasks. The specialized directors have the task of pinpointing these proposals with regard to the formulation of tasks for the WAO collectives. In larger enterprises, formation of a WAO panel for the management area is recommended for this work.

The WAO collectives are established in the individual management areas. Through their broad effect, they assist in complex socialist efficiency measures. Depending on the size of the enterprise and its departments, it is possible to form several WAO collectives within one management area. For solving cross-section tasks, formation of interdisciplinary WAO collectives has proven successful. Combine enterprises should proceed along the same lines. Typical WAO tasks for purposeful activities of WAO collectives were described in detail by Feig/Waldenburger. (Footnote) (See R. Feig/ M. Waldenburger: Erfahrungen und Arbeitsweise von WAO-Kollektiven, Schriftenreihe AUS DER PRAXIS - FUER DIE PRAXIS, No 12, ZFA Dresden, 1984.)

Due to the staffing in the preparation departments of small and medium size enterprises, work with WAO collectives is imperative for complex socialist efficiency measures. Corresponding to differing conditions, the tasks to be solved by WAO collectives are also different. However, every manager should form a permanent WAO collective in his area of leadership and assign it topical tasks. Experience in centrally directed companies shows that WAO collectives--directly participating in analyses, projects and plans for measures--have contributed considerably to fulfilling operational goals.

Personnel selection should be such that it makes possible, on the one hand, the function of a consultation collective for the state manager in charge, and on the other hand, that of an implementation collective in carrying out WAO tasks. Main functions are participation

--in the planning stage of tasks and goals of socialist efficiency measures (intensification concept, WAO concept, plan sector Science and Technology);

--in preparation, particularly the analysis to uncover reserves and shaping of processes to be made more efficient;

--in implementing efficiency measures and innovative processes with the goal of improving the production flow and lowering stoppage and break-down times, making work easier and safer, eliminating jobs, and perfecting work methods.

WAO collectives should not have more than five to eight members. The specialized manager in charge should also be the manager of the WAO collective and direct it from task setting to implementation. It has proven useful to conclude WAO agreements between WAO collectives and the managing director, whose results must be defended before the management collective.

In addition to utilizing one's own possibilities for increased efficiency, in the case of small and medium size enterprises of district-managed combines it is also recommended that they utilize regional reserves. As the Stassfurt example shows, it is of advantage to these enterprises to receive the support of work groups "WAO--Regional Efficiency"--of the councils of cities, town districts and kreises. The goal setting of these work groups, which consists in assisting the enterprises in greater increases of work productivity and increased production of export and

consumer goods, is achieved through an increased degree of mechanization and automation with a simultaneous improvement of work and production organization in major and auxiliary production processes, as well as improvement of working and living conditions of the workers. These work groups are faced with the task of giving support to utilizing primarily one's own efficiency means, but also including the cooperation association and regional interest groups. The work groups consist of experienced WAO cadres and technologists from the enterprises and scientific institutions of the region. Direction of this process by the chairman of the kreis council enables immediate implementation coordination with other work groups of the regional efficiency drive, such as "chief mechanics" and "fixed asset economy", as well as the cooperation association "Efficiency assistance."

A high level of qualification of the cadres in this field is an essential precondition for making WAO workable. Analyses in the enterprises of district-managed combines have shown that, on the one hand, the necessary or already existing WAO structural organs are not sufficiently staffed in qualitative terms and, on the other hand, that the present qualification level of managers, the cadres and experts of technical and economic universities and trade schools as well as all other personnel is inadequate in the field of WAO to solve WAO tasks with high effectiveness. In district-managed combines there are few labor-scientific cadres in the combine management; in the greater number of individual enterprises there are none.

For this reason, labor-scientific qualification and continued training of the cadres in enterprises of district-managed combines must become a permanent part of managerial activity in order to carry out the numerous tasks. This requires that WAO training courses for the qualification of specialists must be held, but also that labor-scientific findings be given to managers and engineering cadres (master craftsmen, technologists, project planners).

For training and continued education, close cooperation with the Chamber of Technology (KDT), technical universities and institutes has proven valuable. Qualification measures must be planned in cooperation between the managing area responsible for WAO and the director of "Cadres and Training." Among other things, there are the following possibilities:

- Qualifying proven skilled workers as labor organizers
- Courses on basic questions of managing and planning WAO work for managing directors and leadership cadres at industrial branch academies and institutes for socialist business management
- Continued education courses by the KDT (for example, WAO in management and administration, work classification, process analysis, work-hygienic complex analysis)
- post graduate studies for university and trade school cadres in the field of work economy and work organization
- Qualification for the procedure "shaping manual work processes."

9917

CSO: 2300/152



ECONOMY

HUNGARY

GREATER EFFORT TO LURE FOREIGN INVESTMENT CAPITAL URGED

Budapest FIGYELO in Hungarian No 3, 16 Jan 86 p 7

[Interview with Bela Csikos-Nagy, academician and Executive President of the Industrial Policy Council [IPT], by Dr Gyorgy Varga: "Foreign Capital Is Much More Selective"]

[Text] The minister of industry created the Industrial Policy Council in 1984. The body is the consultative organ at the ministry's disposal. Academician Bela Csikos-Nagy, the Executive President of the Industrial Policy Council [IPT], was interviewed by Dr Gyorgy Varga about the role of imported foreign operating capital in making Hungarian industry dynamic.

We must give up the illusion that we can approximate the technological level of the leading countries of the world, even in a few areas, by depending exclusively on our own resources. The essence and value of importing operating capital is in the fact that it connects Hungarian technological and economic culture, at the most favorable juncture from the point of view of international competitiveness, with the appropriate foreign patents and manufacturing processes. This way, it is possible to assure that we do not fall too far behind the world vanguard, and in certain areas we might even come close to the leaders.

It is not advantageous to inject foreign capital into the economy of the country only in the form of bank loans. The disadvantage of this is that the lender does not take a risk on the yield of the investments; while it is largely those institutions making the decisions with regard to investments which are not subject to market influences. Anyway, nowadays it is only with the import of operating capital that the country can alleviate its shortage of capital.

[Question] These, however, have other, more profound consequences than taking on the burden of foreign loans.

[Answer] I do not dispute this, and it is necessary to speak about this candidly. First of all, we must admit that we cannot shape our ideas on structural policy in a completely autonomous fashion. But of course we could not do this previously either. The integration of international elements--if you prefer, intervention--would become more open, and we would have to weigh

more firmly than we have up to now the comparative advantages and disadvantages of this in our development policy. Therefore, the import of operating capital would also reflect a value judgment of the market, because capital would only flow into those areas and endeavors which were attractive and promising. Foreign capital will be far more selective than we have ever been able to be.

#### Market Development

[Question] In one of your speeches abroad, you spoke about self-discrimination. What does this mean?

[Answer] Whenever we talk about the fact that the Hungarian export price level is low, many explain this by the differences in commodity structure and by Western discrimination used against us. Thus, no matter how badly we manage our economy, we can always provide an explanation for a decline in our exchange rate by mentioning these two factors. We do not, however, examine to what extent the reason for this is that we do not adjust well enough to the forms or norms of market and international cooperation, which would enable us to approach a higher price level. I called this behavior self-discrimination. The solution: market development. I think that our recognition of this fact is reflected in giving preference to the formation of mixed enterprises and commercial houses. Under the present circumstances, all of this can also contribute to more rapid industrial development as well.

[Question] Do you believe that industry is ready to abandon this pattern of self-discrimination?

[Answer] Look, there is no doubt that a lot of people are still thinking in terms of the 1960s, when the growth rate in industrial production, based on a rather dynamically increasing import of Soviet energy sources and raw materials and with a dynamic increase in CMEA-related export, could easily reach 5-6 percent annually. It is a fact that many managers of our industrial enterprises became used to this simple model for growth in production. However, this model is no longer usable. A new situation has arisen, and we have not yet succeeded in finding a suitable growth course.

[Question] I think that we are talking about a structural problem. . .

[Answer] . . . this is a false concept, i.e. the problem is structural only to the extent that accommodation, while a systemic question, is also a task of regulation and market development. Formulated more precisely: those who regard the competitive capacity of our industry strictly as a structural issue, could have a tendency to do away with those enterprises--or to reduce their production--which, with a more effective business policy, could bring the country profits. Nor should we forget the fact that certain products have cycles of greater and lesser profitability. For this reason effective structure cannot even be evaluated in a static situation. Also for the same reason, I have always had an aversion to the ranking of economic value of products at a selected time and to taking actions based on this type of attempt to change the scope of an industry. I am convinced that, in addition to modernizing the regulations, the first steps on the road to a solution must be taken in market development. Our

backwardness in market development is expressed in the simple fact that "we cannot sell in the West and we cannot buy in the East." Our export policy is still based upon treaties negotiated between the nations of the CMEA.

#### Hard and Soft Commodities

[Question] You mean that as long as it is possible to live off the CMEA market, our enterprises will not make any real efforts to break into Western markets?

[Answer] Yes, that is in part what I mean. Think about it: if they can live off a poor utilization of their capacities, then what would induce the enterprises to undertake work for the marketplace, which would be more difficult than what they have done up till now?

[Question] What tasks are awaiting solution with regard to market development?

[Answer] I will start with the non-enterprise tasks. Since to this very day the CMEA has not succeeded in joining the world market, Hungary as a country dependent on foreign trade must examine its own potential in this area. From this point of view it is also necessary to centrally stimulate the formation of commercial firms which would undertake hard currency-yielding commodity transactions. This is a more developed and modern enterprise form than that which we adopted in the 1970s, when we accepted Western equipment needed for our investments with the condition that the supplier would buy Hungarian manufactured goods. That, of course, was a disadvantageous business deal, because our foreign partner, regarding the purchase compulsory, calculated it from the start into the investment price. Diversified business firms are institutions of a different kind. They could represent a new type of area for the entry of operating capital. We first conducted discussions concerning this with the Austrians, and we are now ironing out the details of the concept.

[Question] Would the increase of Austrian foreign trade traffic be the main task of commercial firms operating as mixed enterprises?

[Answer] What is new in our thinking is that the goal would not be the growth in bilateral traffic but rather cooperation on so-called third markets, and in reducing actual discriminatory factors. This type of endeavor might improve the world market export price structure and reduce price losses in Hungarian foreign trade, and what is more important, it might also create an acceptable institutional structure for efforts directed at forming joint ventures by West European enterprises which have an interest in CMEA related export. Naturally, the precondition for this is that the treaty structure should not hinder the growth of ruble account export.

[Question] In the global strategy of transnational corporations Hungary plays little or no role as a market for special energy-resources, or as a sales market. The Hungarian market can become attractive to foreign capital primarily by performing the role of a springboard toward the rest of the CMEA market. In other words, for the transnational corporations the export of operating capital is primarily a question of business policy.

[Answer] I agree with you on this; this is why we should work very hard at bridging the gap between soft and hard commodities and convertible and non-convertible currencies. As far as the CMEA is concerned, foreign capital is self-evidently interested. In my opinion, Hungary should also be interested in offering products for the CMEA market that are more modern. If we fail to do this, our opportunities in this area will also deteriorate. If we could approach the level of more developed countries in the machine and chemical industries, or in certain segments of theirs, we could reduce the less advantageous share of foodstuff and light industrial commodities in our CMEA exports, to the point that this would not hinder the dynamic development of Hungary's industries. However, we still cannot sidestep the challenge of having to maintain a balance in ruble and dollar alike. Thus, we must find a comprehensive solution, one that takes care of the relationship between the dollar and ruble exchange rates. I am convinced that commercial firms which perform currency converting operations would be suitable for this task...

[Question] ...provided that they recommend the purchase of such a machine or equipment, or a product of such quality, for which the CMEA countries presently pay with convertible currency or with commodities of equal value. In fact, this is the substance of the solution found by the Finns and the Austrians for their foreign trade policies. Beginning with January, the regulations controlling the influx of foreign operating capital will be made more advantageous. Opinions on this issue appear to be uniform. Do you agree?

#### Debaters Who Agree

[Answer] Yes, and no. Experts have already reached an agreement concerning the basic question. On the other hand, there are a considerable number of people who disagree on the feasible size of foreign capital investment. My view on this is that anyone who does not consider the capital hitherto imported as insignificant in volume, in fact interprets the basic concept incorrectly. After all, just think about it: As early as 1973, the government gave the green light for foreign capital investment. And the result? As of now, we have invested a ridiculously low amount--perhaps not even 10 million dollars--in our industries. If there has not been a significant amount of foreign capital streaming into the country, this is primarily attributable to certain responsible individuals who have not done enough to encourage the process. On the other hand, the positive example of some of our enterprises demonstrates the effect of operating capital on such factors as technology, production discipline, organization practices and marketing.

[Question] What proof do you have to support this charge?

[Answer] There are a great number of industrial enterprises which during the past 10-15 years repeatedly turned to the responsible organs with proposals for the founding of multinational enterprises, and one after the other they were talked out of this. Instead of injecting foreign operating capital, the securing of bank loans was recommended. Of course, if an enterprise is repeatedly discouraged, it will discontinue experimenting; as a result, it can even be used as an argument that Hungarian enterprises are not predisposed toward becoming partners of foreign firms.

It is also part of the problem that none of our institutions is prepared for the import of foreign operating capital, and thus no one is able to promote the process with the appropriate authority.

[Question] You mentioned that there are indications that Austrian businessmen may be interested in joining Hungarians in forming multinational firms. Could you tell us more about this?

[Answer] Around the end of last year, the Austrian Zentralsparkasse initiated and conducted discussions on this issue. In the course of these talks, the idea surfaced that not only Austrian money should become partners in Hungarian commercial firms, but Hungarian operating capital should also be exported--possibly to Burgenland. After all, in that region it is possible to establish multinational firms very quickly, numerous administrative problems can be solved much more easily than in this country, and it is easier to connect foreign capital into industrial activities than in Hungary. Such initiative could be good practical training for us, while we create the conditions for the reception of foreign capital in our country.

In the interest of progress, however, we should avoid repeating the course covered since 1972, during which we either emphasized what cannot be accomplished, or tinkered with the regulations controlling the establishment of multinational enterprises.

#### A Threat of Failure?

[Question] As you pointed this out, the majority of our enterprises--with the exception of a few foreign trade firms--have no experience with the activities of commercial houses. Since the state promotes such enterprises, there will probably be an increased interest in creating firms of this type. Are not you worried about failures?

[Answer] This is a similar problem encountered in the course of creating a new type of banking system. In that case, too, we need new types of bank employees, one might say: bankers. But this should not prevent us from taking the necessary steps in banking; just as the threat of failures should not compel us to delay the establishment of commercial houses and the creation of conditions for the reception of foreign operating capital.

A similar debate took place in 1967: at that time the question was, is it possible to work without plan instructions, in view of the fact that plant managers were used to having their tasks annually prescribed to them in detail in the form of broken-down plans. I agree with you that certain types of people could reproduce certain mechanisms; however, in the final analysis people are formed by their environment.

[Question] All over the world, the import of operating capital is accompanied by management know-how, as well as technological know-how. We are in a similarly disadvantageous position when it comes to either of the above. Is it conceivable on a broader scale that foreign experts would participate in the management of our firms?

[Answer] Foreign management is already present in our presently existing multinational enterprises: In the persons of managers who may be foreigners or Hungarians employed by foreigners, as well as in the form of technological or organizational practices which are prescribed by the foreign investor-partner. One reason the foreign investor insists on retaining a majority of shares is the desire to guarantee a say-so in management practices. Certainly, foreign partners would not tolerate the kind of cost-profit ratio generally prevailing in Hungarian enterprises.

[Question] This, of course, implies that the issues of arbitrating the various interests and regulating wages would have to be re-considered soon.

[Answer] My opinion is that we will have to deal with these problems even independently of foreign capital, if we wish to start making progress.

[Question] In the recent past, English and Japanese businessmen stated that they envisioned two immediate pre-conditions for investing their capital in Hungary: Hungarian enterprises should come up with their own ideas and proposals; and profits on the amounts invested should be competitive with profits achievable elsewhere. Looking at it from this point of view, how do you evaluate the chances of foreign capital investment?

[Answer] I do not see any problem with either of these conditions. To start with the second one: Enterprises abroad usually figure on a 20 percent profit rate, but I must point out here that according to their accounting system profits include depreciation, and in this manner there is no appreciable difference between our profit-rate and the one prevailing abroad.

As for the first part of your question, I do not agree that it should always be the Hungarian firms that take the initiative. After all, capital can stream into areas where Hungarian enterprises do not even exist. I do not even believe that a large transnational enterprise would decide to invest in Hungary primarily because one of our (relatively small) firms suggested this. Just think back to the offers made by Japanese auto firms for the creation of assembly plants in Hungary.

As for the Hungarian enterprises, their readiness to initiate action in this sphere will increase by leaps and bounds, once they find out that they do not have to fight against overwhelming odds for the realization of their proposals.

For the first time in our history, the recently ratified Seventh Five-Year Plan mentions the investment of foreign capital, referring to it not as a measure designed to support and finance the fulfillment of the plan, but as an auxiliary resource, over and above the investments incorporated in the plan. This demonstrates that the government is ready to receive foreign operating capital. However, we still must learn how to manage this extraordinarily complex issue.

12588

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ECONOMY

YUGOSLAVIA

# PROBLEM OF NEGATIVE INTEREST RATES DISCUSSED

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 23 Dec 85 pp 19-21

[Article by Tomislav Dumezic: "Debts Without Debtors"]

[Text] Almost all of the "structures" that have influence upon decision-making have joined in the offensive against the attempts made thus far to enthrone the policy of positive interest rates (otherwise, the interest on all credits together today covers about 50 percent of the rate of inflation) and the policy of the so-called real exchange rate for the dinar. The initial step was taken by the Federal Executive Council in its Draft Resolution for 1986, which, in addition to planning a 30 percent annual rate of inflation, also cites the need for a reexamination of the present interest policy (the period: the first quarter, perhaps in order to apply this new policy after the expiration of the present arrangement with the IMF on 15 May). This determination does not conflict with the attitudes expressed in the SFRY Assembly, the SFRY Presidency, and the Economic Chamber of Yugoslavia.

The latest concrete plan for bringing the rate of inflation down to 30 percent, which would be implemented next year with abundant support from the new interest rate policy, was drafted by the National Bank of Yugoslavia. This plan, as it appears from the published reports, is essentially identical to the already cited determination contained in the Draft Resolution: it is more radical with respect to the period, since as early as 1 January 1986 the general discount rate and the interest rate on deposits and credits would be adjusted to the "agreed-upon" rate of inflation. In doing so, there would be no change in the present determination that interest rates on term deposits would be positive (above 30 percent).

Why such a heavy blow against the policy of positive interest rates and the policy of a "real exchange rate" for the dinar? Especially since neither is even close to having been achieved, since the average interest rate on all credits covers perhaps somewhat more than 50 percent of the rate of inflation, while the exchange rate for the dinar is such that it ensures current liquidity and a balanced balance of payments, but due almost exclusively to restrictions on imports, which have made the Yugoslav economy a completely closed one, naturally with long-term negative consequences.

Is this an attack on the so-called real economic categories, or rather, on the introduction of economic criteria in business activity, which would also mean a fundamental revision of the already rather dogmatized Long-Term Economic Stabilization Program? Perhaps both, but nevertheless one reservation is also necessary -- economic categories cannot be introduced in business activities through regulations, nor can economic criteria be forced upon enterprises as obligatory ones. There has not even been a capital market, nor will there be one as long as capital is socialized (in the sense in which this concept is understood today), and as long as the economic organizations are state ones, and when there is no money market, there are no measures regulating it. There is not even a foreign exchange market (and there will never be one), and so any story about a policy of a real exchange rate for the dinar is an illusion.

The demands for a change in the present policy on interest rates and the dinar exchange rate are primarily motivated by practical considerations. With the increase in inflation and the decline in the value of one's own funds, the interest burden is becoming increasingly greater for the economy of each sociopolitical community, and exchange rate differences for foreign credits and citizens' foreign exchange savings are accumulating, all of which -- in a system with a state-monopolistic closed economy, in which enterprises operate without risk, and are interested (to some extent) only in the situation on paper, as depicted in the balance of successes -- is reflected in the price of products and services. Furthermore, money is constantly being taken away from economic organizations (with their own money, they cannot even cover 20 percent of the so-called durable working capital), and thus the amount of credits is growing at a dizzying rate -- on 30 September 1985 the economy used over 7,000 billion dinars of credit, of which 4,000 billion dinars of credit was for working capital, in practice for financing the enormously large stocks, the bookkeeping value of which exceeded the social product achieved during the first 9 months of this year.

#### Transfer Based on Credits

Interest is growing at a dizzying rate. Last year it amounted to 819 billion dinars. During the first 9 months of this year, it reached the amount of 1,355 billion dinars. The economy's earnings from interest are also growing. During the period from January to September 1985 they amounted to 520 billion dinars in the economy, so that the net outflow from the economy as a result of interest was 815 billion dinars.

In addition to the fact that interest expenses constitute a considerable item in calculation of the cost prices of products and services, there is also a transfer between branches. For the organizations in industry, mining, agriculture, and fishing alone, there was a 690 billion dinar net outflow as a result of interest, which constitutes approximately 85 percent of the total burden on the Yugoslav economy. In contrast to the organizations of industry and agriculture, which cover only 28 percent of the interest expenses with interest earnings, the organizations in some other fields achieve considerably more favorable results. This applies to the organizations in construction, general trade, and especially foreign trade.



In addition to the redistribution of income among branches, there is also a territorial aspect. As a rule, the economy in the developed republics and provinces is less burdened with net interest expenses, while the underdeveloped republics and Kosovo are in a considerably more difficult financial situation.

The ratio between interest earned and paid is most unfavorable in the economy of Montenegro, where the interest earnings cover only a little more than 1/5 of the interest paid. The economies of Macedonia and Kosovo cover 1/4 of the interest with interest earnings; the economy of Vojvodina is in a more unfavorable situation than the average for the country, primarily because of larger credits to cover stocks of agricultural products. In the Croatian economy, because of a forced excessive pooling of funds in so-called long-term investments, the situation is also more unfavorable than the average for the country. The rest of the republics are approximately at the average level; the only exception is Slovenia, whose organizations cover exactly 50 percent of the interest expenses with earned interest.

#### Differences Between the FEC and the NBY

Judging by the draft resolution for 1986, the Federal Executive Council [FEC] would not make any fundamental changes in the present interest policy and the policy on the exchange rate for the dinar. It is, however, planning for inflation in the range of 30 percent, and is subordinating current economic policy measures to the achievement of this goal. The Resolution says that if the economic policy measures adopted do not yield results in the sector of the market and prices, as planned, direct social price controls will be imposed. The President of the FEC does not support social price controls. She thinks (as past practice has proven, after all) that price controls lead to an increase in losses in economic organizations, less of a selection of products, a decline in the quality of products and services, and to shortages even prior to distribution. Does this mean that the Draft Resolution was nevertheless not sufficiently coordinated even within the FEC, which drafted it?

With respect to the concrete interest policy for next year, the FEC has committed itself to a policy of positive interest on term deposits, which would be established, after the expiration of the agreement with the IMF, on the basis of the planned inflation, with the provision that after the expiration of a certain period there would be an adjustment of interest rates in accordance with the actual changes in the prices of industrial products.

As we have learned, the NBY feels (and it is not alone) that today the main sources of inflation are the nominally high interest rates on credits that accompany the rate of inflation, and the exchange rate for the dinar, which is continually adjusted to the difference between the domestic rate of inflation and inflation in the countries of the "basket of currencies." According to the reports that have reached the public, the entire concept of the NBY should be reduced to several measures. First, the rate of inflation of 2 percent monthly, or 30 percent annually, should be protected by all possible measures, including direct social price controls. Second, some of the credits from the primary issue (about 50 percent) should be transformed into long-term credits with a favorable interest rate (for example, 8 percent), but this was also

contained in the previous FEC proposals. It is also proposed that credits covered by the business banks be rescheduled. Third, the general discount rate of the NBY, as well as the interest rates for term deposits and for credits, should be coordinated with the planned rate of inflation, which means that they would be a little above 30 percent, so that the interest would be positive. Fourth, a reduction in the (illegal) earnings of the NBY and the national banks of the republics and provinces based on primary issue credits would make it more difficult to manipulate the so-called coverage of the negative exchange rate differences at the NBY (for NBY credits and foreign exchange savings), so that probably part of these exchange rate differences would have to be written off, which naturally will not reduce Yugoslav foreign debts by even a thousandth. Fifth, there is no reason why the NBY, like the FEC, after all, should not accept the slogan about relieving the economy of the burden of contributions for general and joint expenditure.

There will be only two results from all these measures: the transfer of credits from the primary issue, and direct social price controls. When the transfer of part of the credits from the primary issue is proposed, one cannot avoid the following question -- why is the illegal state capital, which is formed on paper through the expropriation of the economy and the population, retrained, while it brings real earnings to the state and real expenses to the economy? A measure has thus been proposed that will temporarily reduce the expenses of the users of these credits, but there will be no substantive changes, since the owners of the money will remain the same and since the reduced earnings of the NBY will be replaced by other issue and inflationary earnings (also on paper).

Social price controls may temporarily curb the rate of inflation, but their consequences will be precisely the ones that were indicated by the FEC president. In the long run, they will be even worse, since the fictitious elements in the balances will be increased, the social criteria in distribution will be expanded even more, and the low productivity and the poor quality of products and services will close the Yugoslav economy to foreign countries for a long time.

#### Real Problems

A higher interest rate cannot be a source of inflation in a market economy. On the contrary, it stimulates savings and contributes to a more rigorous selection of investments on the basis of profitability. There is no market economy in Yugoslavia, and thus the nominally high interest rate, although it is lower than the rate of inflation, is nevertheless a generator of inflation. Why?

If one excludes the systemic reasons that result in our economic organizations not being commodity producers, two main reasons remain: first, the more unacceptable structure of the sources of working capital, in which the funds owned by economic entities are marginal in covering current reproduction expenses, and second, enormously large stocks of materials, unfinished production, finished products, and goods that at the end of September exceeded the value of the social product for the first 9 months.

On 30 September 1985, the total credits used by the economy amounted to 7,017 billion dinars, which is 75 percent more than two years ago. During the same time, the durable sources of business resources, in which the business fund is dominant, were increased by 59 percent. Of the total credits, 2,949 billion dinars were for credits for fixed capital (from domestic and foreign sources), while the remainder, about 4,000 billion dinars, were for credits for working capital. On 30 September, the total stocks amounted to 5,267 billion dinars, and had increased by 87 percent compared to the situation two years earlier. The largest increase was in the stocks of finished products (held by producers), by 112 percent, while the lowest was in stocks of goods (in trade), by 63 percent. The economy is covering about 20 percent of the total stocks with its own funds (part of the free funds of the business funds for covering working capital), and it is covering the remainder by credits and loans between enterprises.

Seven or eight years ago, the economy covered about 50 percent of the stocks, i.e. the so-called durable working capital, with its own funds. Today this percentage has been reduced to less than 20 percent. Why? It is not primarily a case of financing investments out of working capital. There are other problems involved. First, economic organizations have been forced to invest necessary monetary resources in so-called long-term investments, which induces them to seek new credits. Second, the accounting system is such that it leads to the expropriation of the economy. Because of the high inflation, monetary funds are being reduced in real terms, and so the difference (lost property value) is transferred to consumption -- personal, general, and joint. Otherwise, the effect of inflation can be eliminated by revaluation of the value of the property. The property of the enterprises is contained in the business fund. Part of this property (the fixed assets) is partially revalued, while the part that is in monetary form virtually melts away. Does this have to do with ignorance, or with an intention of leaving the enterprises without money of their own, so that individual representatives of sociopolitical structures would have complete power over economic organizations, and so that the state, on the basis of nonexistent capital, would create earnings (taking income away from the economy and the population) to cover its own financial mistakes?

#### Incorrect Accounting System

Even with the existing administrative state-property system, improvements are possible that would help it to function better. One of the areas in which these improvements are inevitable is the accounting system. Since 1 January of this year, a mandatory revaluation has been imposed for working capital in the form of things (raw and other materials, minor inventory, unfinished production, finished products, and goods). Since many people have proved that such a revaluation is a source of inflation, since the stocks are primarily covered by credits for which interest is paid that approximately corresponds to the rate of inflation, a change in this regulation has been proposed -- the amount of the revaluation can be reduced by the difference between the interest paid for credits for working capital, and the calculated negative exchange rate differences and the earnings received from interest and the calculated positive exchange rate differences. Both methods of accounting are

wrong. Instead of a revaluation of things, it is necessary to revalue property in the form of money that serves to finance current reproduction.

Some economists think that the mistake in the accounting system is that economic organizations cover interest on credits up to the rate of inflation under operating costs. Instead of this, they propose a revaluation of the principal commensurate with the rate of inflation. Such gymnastics mean nothing in reality. We can agree that interest below the rate of inflation is not interest in the classical meaning of this concept. It is an expense, however. If the credit is for fixed assets, this cost is transferred to the cost price of the product through amortization, which is calculated at the value of the fixed assets, which is the same in real terms although nominally larger. If the credits are for working capital, they must also be repaid in what is really the same amount, although nominally larger. Where does the payment for the difference between the present and original nominal value come from? From profits? Certainly not, since this is a question of the same real value that the economic entity had to maintain in current business operations, which means that this difference must be a burden on the operating expenses of OURs [organizations of associated labor].

It is not necessary to prove to anyone that the stocks are enormously large. Why? Because the economic organizations are not interested in the efficient utilization of property, in efficient business operation and earnings. They are interested in showing a positive balance, in bookkeeping terms, for the successes of current business operations, so that they will not have any problems in paying personal incomes. Isn't it possible to change this relationship by changing the accounting system? For example, if it were the rule that at the end of the accounting period the organizations were responsible for covering stocks that had increased, compared to their original status, at the expense of current business results, the growth of the stocks would be stopped. The question is only whether this would contribute to adjusting production to the possibilities for sales, or whether it would lead to a reduction in production.

The interest rate and adjustment of the exchange rate for the dinar (maintenance of the already established parity) are not causes of inflation, but under our conditions they nevertheless stimulate it. It turns out from this that it is necessary to change the conditions, or to cure the main causes of such illogical behavior by our economic entities. First, we should abandon the present method of financing the budget of the sociopolitical communities. Instead of the present method, which is economically easiest but economically and socially the worst, we should introduce a system of progressive taxation of the incomes of households, including a considerably greater taxation of the property of citizens. Second, it is necessary to eliminate fictitious state capital by returning the entire primary issue to economic organizations, as long as the formation of new fictitious capital is prevented. Third, the losses of economic organizations must be covered from real sources, or their continued operation must be stopped. And, fourth, the greatest material problem is foreign debts. This is not a question of credits for equipment, which are used by most of the economic organizations, and which can be repaid. This has to do with the financial credits of the National Bank of Yugoslavia, financial credits converted into dinars, part of the credits for fixed assets

which are invested in organizations that will never be able to repay them. Most of all, this has to do with debts that are not backed by real debtors. They must be found, which means that it is necessary to divide them among specific sociopolitical communities, which would be responsible for finding a way to create real earnings, from which they would be able to repay these debts.

1) Rashodi i prihodi od kamata (I-IX 85)

13) u milijardama din.)

Republike	2) Plaćene kamate 7) Na kredite za obrtna sredstva	8) Na kredite za osnovna sredstva	3) Ukupno	4) Prihodi od kamata	5) Neto plaćene kamate	6) Učešće naplać. u plać. kamata (u %)
Jugoslavija	1.152	204	1.356	520	836	38,3
9) BiH	130	31	161	64	97	39,8
10) Crna Gora	24	14	38	8	30	21,1
11) Hrvatska	287	43	330	125	205	37,9
Makedonija	74	18	92	23	69	25,0
Slovenija	205	31	236	118	118	50,0
Srbija	431	66	497	182	315	36,6
12) uže područje	262	43	305	117	188	38,4
- Kosovo	19	5	24	6	18	25,0
- Vojvodina	151	18	169	59	110	34,9

1. Expenditures and income from interest (Jan-Sep 85)
2. Interest paid
3. Total
4. Income from interest
5. Net interest paid
6. Interest earned as percentage of interest paid (in %)
7. for credits for working capital
8. for credits for fixed capital
9. Bosnia-Herzegovina
10. Montenegro
11. Croatia
12. --Serbia proper
13. (billions of dinars)

9909

CS0: 2800/138

ECONOMY

YUGOSLAVIA

WESTERN COMMENT ON ECONOMIC CRISIS, NONFUNCTIONING OF SYSTEM

Hamburg DIE ZEIT in German 17, 24 Jan, 7 Feb 86

[Article by Andreas Kohlschuetter: "Tito's Heirs Are Bankrupt--Only an Attitude of Resignation Prevents the Outbreak of Workers' Unrest"; first paragraph is DIE ZEIT introduction]

[17 Jan 86 p 5]

[Text] Belgrade, Jan 86--The Yugoslav multinational state, at one time desirous of building a model countering Soviet communism, is slipping more and more deeply into a crisis. Millions of people live below the poverty limit. Foreign indebtedness amounts to 20 billion dollars. There are no reforms in sight. Future Premier Branko Mikulic has the reputation of a hard-line dogmatist.

Svetislav Durdevic, a junior worker at the Zmaj tractor plant near Belgrade, which recently experienced a 2-day strike, gives vent to his feelings: "It is true that financial demands are behind most strikes, but that is only a pretense. The real reason is human dignity, which in a country supposedly ruled by the working class must fight for survival. We make a minimum living, or even less. We work for wages which will pay for the rent, milk, and perhaps just barely for cigarettes. A twin-class society of the superrich and superpoor has come into being." His conclusion: "I find it incomprehensible that the workers have not yet taken to the street instead of just stopping their machines."

Milos Stanasic, a senior worker at the same tractor plant and at the same time a member of the Belgrade Municipal Committee of the League of Communists, is irate: "We workers are in a desperate situation. Constant price increases, decreases in living standards, and the fact that wages lag behind inflation have brought us to the fringe of existence. We no longer can feed our families. We have lost all interest in working. Thus the workers strike simply because they cannot stand it any longer. We are sick and tired of it."

Zoran Prijobic, a striking metalworker at the "21 May" plant at Radovica, states: "Difficulties are piling up everywhere; nothing is what it should be. One spark is enough to ignite the fire of strike; that is how tense the situation is. I can only smile at all those theories about sudden strike

actions triggered by moods of the moment, or claims that laggards and people going it alone are behind the work stoppages." He says: "Spontaneous strikes are out of the question when dissatisfaction is so widespread. We have reached the end of our patience. The working class has nothing to lose and nothing to fear any more."

Deep clouds of crisis are glowering over cold, wintry Yugoslavia. The entire country is covered by a frosty layer of bitterness and resignation. The lack of a political way out has a stifling effect, the economic misery an oppressive one. Even in the Belgrade Central Committee this atmosphere is addressed openly. "We are talking about the shaken confidence of the workers," said a Serbian representative at one of the latest plenary sessions; "no, comrades, the confidence of the workers has not been shaken, it has been utterly destroyed."

The economic indicators of the crisis are indeed depressing:

--Foreign indebtedness amounts to 20 billion dollars. Servicing the debt eats up 40 percent of foreign-currency income. Exports to hard-currency countries are not growing sufficiently. Trade deficits and payment deficits are increasing. International solvency can be insured only through constant debt-restructuring maneuvers.

--Instead of an expected real growth of 3 percent, probably only a meager 1.2 percent was attained in 1985. Productivity is decreasing. Likewise investments, and thus also capacities for industrial modernization and procurement of jobs, have been decreasing--for the past 6 years.

--The number of unemployed has gone over the million mark, now amounting to 17 to 20 percent. In the underdeveloped Province of Kosovo it is as high as 30 percent, and among the young it amounts to more than 70 percent.

--The rate of inflation is about 80 percent, with the government office for statistics pegging price increases "of products most needed by the population" last year at 104.4 percent.

--Real income has dropped more than 40 percent in the past 5 years--"to the level of 1967-1970," according to Ante Gavranovic, chief editor of the economic journal PRIVREDNI VJESNIK.

These key economic data reflect increasingly precarious economic straits of broad strata of the population. According to a statement by a Central Committee member, only 5 percent of Yugoslav households can make do with their regular income. As the government admitted at the end of the year, 69.5 percent of those employed, or a total of 4.5 million workers, earn less than a minimum living, pegged very low as it is (not including medicine and cigarettes). Including members of families, 8 or 9 million Yugoslav (of a total of 22 million) are below the poverty limit.

In Macedonia, for instance, an average monthly income of 29,500 dinars (\$98)--not attained, in fact, by 70 percent of the working people--in a family of

four contrasts with a need for foodstuffs amounting to 38,000 dinars (\$126). In ore mines, miners even work for only a miserable 13,000 dinars (\$43) a month. Pensioners have to make do with 10,000 dinars. "Thousands of families in the center of Belgrade" had their electricity and power for heating turned off, according to Member of Parliament Zarija Martinovic, because they could not pay their bills any longer. The workers of the Sloboda plant in Cacak, Serbia, the newspaper INTERVJU reported recently, were "seen crying when they received their monthly wages."

Zagreb sociologist Josip Zupanov says it is a "Yugoslav miracle" that there have not been any mass demonstrations, workers' revolts, and open outbreaks of popular indignation against the regime. He refines this statement immediately, though, by stating that it is a "negative miracle at the expense of industrial efficiency which is pushing us deeper and deeper into the crisis." What is clear, however, is that the pressure from below is not yet so strong, and the economic impoverishment as yet not so direct and pervasive, as to compel the communist power apparatus to make major changes and institute a true reform of the system. "The moment of truth has not yet arrived," comments a U.S. diplomat; "as yet, things can go on like this, despite the fact that the water already reaches up to people's necks in Yugoslavia."

For one thing, strikes--neither permitted nor prohibited but tolerated--which doubled in 1985 compared with the year before, reaching a record number of over 700, have the effect of lightning rods in relieving social tensions, the more so because in the completely atomized economic structure no kind of fronts of solidarity are emerging which might reach beyond the narrow limits of individual enterprises or even the individual republics. One would not dream of an all-Yugoslav solidarnosc movement on Polish lines. The strike fronts, built around wage demands in 90 percent of the cases, generally can be solved quickly and smoothly by financial concessions. This occurs at the expense of a longer term economic reform, however, without regard for production criteria or the urgently required differentiation of wages between profitable and unprofitable enterprises.

Another variant of the workers' protest generally tolerated by the regime is slovenliness and idleness on the job. It is passive resistance under the uppity slogan "You just cannot pay me as little as I work." It included a whole repertory of possible behavior enumerated in the weekly NIN: "Arriving late for work, feigning illness, unauthorized absence, loafing on the job, negligent maintenance of the machinery inventory, and damaging of products and machines."

The arising economic losses are horrendous. In the opinion of a Slovene economist, of 7 work hours a day, there are "only 2 or 3 hours in which any real work is done." No wonder it takes three to five times as long in Yugoslavia as in the FRG to make radios, vacuum cleaners, washing machines, and television sets. Professor Zupanov comments: "Our working class is patient, but it presents its bill to society in the form of low productivity, which is one of the sources of our economic and social crisis."



Of quite crucial importance for insuring one's existence in Yugoslavia and earning one's daily bread is the flourishing "gray" economy. It offers a chance to mitigate the "socialism of pauperization" of the Tito state. Painters, plumbers, masons, and electricians engage in illicit work after hours and on weekends. "Part-time farmers" take it easy during work in the plant in order to be able to devote their unspent energy to farming afterward. Many Yugoslavs rent out their rooms to tourists with foreign currency, with about half of last year's income from tourism, which amounted to more than 2 billion dollars, flowing into private pockets. Owners of hard-currency accounts fed with income from work in the West finance the feverish construction activity which can be observed in all villages.

Yields from the "gray economy" in the case of many Yugoslavs cause wages to become side earnings. These yields amount to an estimated 40 percent of the GNP. And only this explains why despite a 40-percent drop in real wages since 1980 consumers' expenditures have decreased only about 5 percent.

It also explains why many Yugoslavs continue to be able to go to the Adriatic coast for their vacations and why quite a few Slovenes continue to go shopping in the Austrian town of Klagenfurt. Illicit work creates reserves which, though unable to stop the growing pauperization, can prevent mass starvation and make the economic situation more tolerable than it is portrayed by the statistics. The army of millions of underpaid, unemployed, and pensioners who are not supported by an extended family and have no rural roots are left out in the cold, however.

Finally, safety valves against social unrest are also provided by the freedom to take trips, the possibility of seeking work in the West, and the mercifully open crisis debate in the media. A young Belgrade taxi driver out of work as a business employee curses the whole "communism-Titoism," but his ire is limited by the prospect of a job at a pizzeria in Stockholm, which he hopes will pay for "a new radio taxi and perhaps a New Year's Day celebration in Vienna."

The whole Yugoslav misery is spread out in the press with unsparing detailed criticism of state and party. The radio spreads such biting comments as the following: "Why is milk getting more and more scarce and expensive? Because there are more and more oxen in this country." Television shows the inhabitants of a village armed with axes and shovels defending themselves successfully against police in the disappropriation of land for building a factory. There was a broadcast of a remark by a worker that it would make no sense to demand the overthrow of the workers government considering that the workers were already in an extremely poor position. "We cannot change anything but can say almost anything," says PEN club writer Predrag Matvejevic; "there is hardly any democracy in this country, but there is an enormous amount of freedom."

An expert who has observed Yugoslavia for many years sums up the crisis situation in the multinational Balkan country saying: "Tito is gone, the money is gone, the elan is gone." This is exactly the impression one gains everywhere--in Ljubljana, Zagreb, Sarajevo, and Belgrade. The inspiring

"Yugoslav model," the hopeful "third way" between East and West, which at one time triggered so much intellectual elan and worldwide enthusiasm, is passe. Yugoslavia's clocks do not show a different time any more; they simply have stopped.

[24 Jan 86 p 7]

[This instalment is headed "The Way to Standstill--Disgruntlement With the State and Resignation Have Assumed Threatening Proportions--Tito Wanted to Avoid Fights for Succession and Between Nationalities, but His Heritage Is Proving a Shackle for Yugoslavia"]

[Text] Belgrade, Jan 86--Asked about what kind of mood he is in, the Zagreb sociologist responds: Emptiness, boredom, resignation." His students, he describes as "disinterested, uncommitted, disinclined toward any debate, and full of anxiety about the future and pessimism." The critical sociologist Ljubomir Tadic in Belgrade describes the Yugoslav crisis as "incurable total paralyzation." And the philosopher and reform Marxist Gajo Petrovic speaks of a "horrible lack of perspective in theory and practice," of an "incredible inability of the system to change."

The three scholars all point to the "political roots" of the problems in Yugoslavia--the lack of a market economy and democracy. They deplore the competing power and economic interests of the individual republics and nationalities (Slovenia, Croatia, Bosnia, Serbia, Montenegro, Macedonia) and the "atomization" into "hegemonic communist natiocracies which prevent any kind of all-Yugoslav drafting, decisionmaking, or action" (Tadic).

"Yugoslavia is dead, not as a state but as an idea," says the prominent critic of the regime Milvan Djilas. The dismemberment protects the regime because no cohesive blocs of opposition can emerge and--in contrast with Poland--the resisting workers, the churches, and the intellectual intelligentsia are affected by the nationalist fission fungus. At the same time, however, the fragmentation weakens the regime because it makes it inefficient and thus discredits it. One journalist complains: "Since 1980 and since Tito's death, the Central Committee has convened more than 30 times to deal with serious problems in politics and industry which allegedly could not be put off--and nothing happened."

Though Yugoslavia is not facing collapse, the government authority is increasingly called into question. This is shown by the "new quality" of many strikes which, all official assurances notwithstanding, contain more than wage demands and internal factory disputes. Disgruntlement about party and union bosses is clearly on the increase. "They treat us like enemies, they live off our money, and they do not share our fate," it is being stated in the plants. The dissatisfaction with the workers' self-administration being manipulated from outside and from above is rising: "We have no influence on decisions and cannot even elect our director." There is an increase in vociferous appeals to the party and state leadership at long last to "make clear-cut decisions in order to lead the country out of the crisis."

The decrease in muscle of the power apparatus can also be recognized by the warnings of high officials that the party is losing the working class. In fact more and more disillusioned workers are quitting the state trade union league. Further, of the 75,000 Yugoslavs who quit the party in 1984, more than half were workers. One student from Ljubljana who became an enthusiastic party comrade at 16 now has had enough. She says: "One cannot accomplish or move anything, exercise any influence on decisions; genuine criticism is not allowed; there is no end of hypocrites and careerists."

Opinion polls in Croatia show a rapid growth of religiousness particularly among workers. Whereas in 1968 only 33 percent of the young people polled described themselves as "religious," the figure in 1985 was 52 percent, of which more than 75 percent were children of workers. The idols of these people are Mother Theresa and the pope. Lenin comes in in 11th place, and Tito is not mentioned.

What is important, though, is one's nationality. The proletariat in Croatia and Slovenia, sworn to the "unity and fraternity" of socialist Yugoslavia, lets itself be carried away to the worst mob actions at soccer and hockey games, as well as dance festivals, against people of other nationalities from Belgrade or from the "lower" parts of the country. On the facade of the building of a municipal administration in Slovenia, one could see for days the offensive graffito "Entry prohibited to people from the south and dogs."

Five years after Tito it is clear that the system created by the founder of the state does not work without him--neither politically nor economically. The 10 pillars with which he meant to support and strengthen Yugoslavia are turning out to be of faulty design.

1--The constitution of 1974: With it, Tito's chief ideologist, Edvard Kardelj, meant to put an end to Belgrade centralism, bureaucratism, and etatism and, on top of that, take the wind out of the sails of the nationalism which had emerged in the six republics and the two autonomous provinces, Vojvodina and Kosovo. The Belgrade Federal Government was literally disappropriated, having to cede most of its domestic political, particularly economic, responsibilities to the "sovereign" components of the federation. Just as in the party--divided into eight individual organizations on the same pattern--the member states are now in charge of the Yugoslav government. Their representatives form the eight-member national presidium, renewed in regular rotational shifts, which furnishes the national president for a year at a time. They appoint the premier from their midst for 4 years at a time, select "their" cabinet ministers, and dictate to "their" delegates in the two chambers of the Federal parliament how to vote on Federal legislation.

All bodies are ruled by the consensus principle, combined with the right of veto of each individual republic or autonomous province. This is even true where the constitution does not prescribe it, for example during votes in the council of ministers. Thanks to narrow particularist interests, Federal authorities at any time can be blocked by a veto and be enslaved by the lowest common denominator.

Najdan Pasic, leading party jurist and president of the Serbian Constitutional Court, blames for this "exaggeration of the unanimity rule" a "downright pathological fear of centralization" which goes back to "bad memories of the monarchy, civil war, and Stalinism." Tito wanted to prevent any fights for his succession and to make sure that after his death no faction, nationality, or strong personality could win the upper hand. His wish was fulfilled, but at the expense of far-reaching paralyzation of the central Federal authorities, whose inadequate power makes it very difficult, if not impossible, effectively to cope with the crisis. It sounded like a *cri de coeur* when Premier Milka Planinc recently rebutted those who criticized the allegedly hesitant government action in the crisis by saying: "With what right is all this being expected of the Federal Government, whose responsibility and authority is so limited and is not equal to the demands being made of it?"

2--The law about united work or self-administration of 1976: This giant work of 617 articles, a constitutional jungle in which no worker can find his way any longer, was meant to crown the liberation of the Yugoslav proletariat from paid labor, state and party bureaucracy, and decisions by others. The utopia of rule by the base was to become reality. Thus, on the basis of the constitution and the law of self-administration, Yugoslav industry was divided into about 30,000 autonomous "basic organizations of united work." These administrative and financially independent economic entities (the Federal Railway alone is composed of 350 separate units) administer themselves through workers councils. In their enterprises, they determine wages, products, prices, ways of marketing, and the procurement of credit and capital and send their representatives to the next higher self-administration level. Originally all of Yugoslavia was to administer itself in accordance with this system.

But the "third way" between capitalism and communism led to chaos, to economic and political dead ends from which the country now no longer can find a way out. Smashed were the unity of the domestic market, all possibilities of coordinated economic management, and also any development of market economy laws, corrections, and stimuli.

An attempt--not very successful--was made to control the disarray with so-called "social agreements" between the self-administration enterprises and with branch cartels. The economic enterprises escalated, the self-administering enterprises were utterly overtaxed, wages and prices rose enormously, and labor discipline and productivity declined. In the words of Leo Mates, former director of the Belgrade Institute for International Affairs, in lieu of the central state and party bureaucracy "dumber and more malign republican and communal apparatshiks" arrogated the power of intervening in the economy. The workers' self-administration became an integral component of the "policentrist etatism" with its eight "sovereign" egotistically high-handed command centers. In the final analysis, their efforts for autarky are responsible for the grotesquely wrong Yugoslav investments, the utterly unprofitable establishment of superfluous and uncoordinated lines of production, and the country's massive foreign indebtedness.

The self-administration democracy is the real nucleus of the Yugoslav malaise, which is being fed by the unbridgeably wide gap between social dreaming and

political reality. "The liberation of the workers from production, as the self-administration model demands it, has never taken place," says Leo Mates; "workers' democracy has never worked, and management is making all the decisions."

Management, which uses the workers council for implementing its instructions, is supported by local party and state officials--with the same person acting in several capacities, or extreme favoritism. "The integration of economic democracy and ideology is not succeeding," admits Deputy Economics Secretary Novenka Pecar-Sindic. As a party ideologist put it, "direct democracy on the basis of self-administration, if it is genuine, means rejection of the (power) monopoly and therefore is irreconcilable with the system of party rule." The great idea of workers' self-administration was based on the illusion of the state and party dying off, but there cannot be any question of that in Yugoslavia.

In Loznica, Serbia, the worker Vidoje Jancic notes: "Our political system is in a profound crisis, but many people in their comfortable chairs still behave like ostriches, pretending not to see anything." A few kilometers away, on the other (Bosnian) side of the Drina, one can read, chiseled in stone, under a huge portrait of Tito: "Comrade Tito, we swear to you that we will not desert your road." To what extent is that still possible?

[7 Feb 86 p 15]

This instalment is headed "The Monopoly of Impotence--Yugoslavs Place Little Hope in New Belgrade Premier Branko Mikulic--Key Problems Are Being Discussed Openly and in Detail in Yugoslavia, but There Is No Foreseeable End to the Crisis"]

[Text] Belgrade, late Jan 86--The politically dark spots in Yugoslavia include the Republic of Bosnia-Herzegovina, whose onetime president, chairman of the Olympic Winter Games of Sarajevo, Branko Mikulic, takes over as premier in Belgrade in May. He bears the stamp of the strained ideology with which this fragile republic of Croats, Serbs, and primarily Muslims is being administered.

In Bosnia, Yugoslavia's unsolved multinational problems are reflected in miniature. There historical reminiscences of Turkish, Austro-Hungarian, and monarchist Greater Serbian times, and of civil wars, are being kept alive. The bloody history with its reservoir of hate and discord has remained alive. It is being opposed by the communist leadership with dogmatism and thumb screws, with pigheaded resistance against any ideological relaxation and liberation. For heaven's sake, no experiments with a market economy and private initiative, and no mercy for dissidence and criticism of the regime! That is the Bosnian word which Mikulic will take with him to Belgrade when he becomes premier.

As far as civil and human rights are concerned, Bosnia represents a veritable black mark for a Yugoslavia which is interested in being presentable by European standards. An example is the draconian sentence against an alleged

"group" of 12 Muslim intellectuals, recently slightly reduced by the Belgrade Federal Court in the last instance. They had been sentenced in Sarajevo in the summer of 1983 for "counterrevolutionary activity," for "hostile propaganda," and for "Muslim nationalism" to imprisonment ranging from 6 months to 15 years.

The trial scene was spectrally Stalinist. Without waiting for the judgment, party leaders and propagandists--with Mikulic in the lead--and Yugoslav media stamped the defendants as "conspirators, traitors, enemies of the people, and terrorists." During the televised pronouncement of the sentence, the court was packed with applauding party activists. The public has been aroused with a hate campaign awakening old anti-Muslim mob instincts.

Supposed witnesses for the prosecution, however, retracted in court their incriminating written statements and complained about police maltreatment, blackmail, and threats. A student stated that the investigating authorities had beaten her and forced her for days on end to learn her prefabricated testimony by heart. One witness retracted and then could not be found for a week, only to reappear in court, newly prepared by the Police, to retract his retraction. Even the judge, Rizah Hadzic, himself a Muslim, was bothered by a bad conscience after the trial--his last. He made an offer to the families of the defendants to serve gratis as their attorney in appealing his own sentence. He admitted that Belgrade fellow lawyers had "tied his hands from above" during the trial.

The trial brought the alleged counterrevolutionaries 90 years of imprisonment--90 years for an abstract endangering of the state, for discussing in the most intimate circles religious theses of Islam, which according to the Yugoslav constitution enjoys religious freedom. This is a textbook case of judicial terrorism--a political and arbitrary Bosnian trial where human conviction rather than an actual deed became a crime.

#### Return of Dogmatists?

Under these portents, pessimists regard the ineluctable rise of Branko Mikulic to the office of premier as an indication of the return to power by dogmatists and hard-liners. After all, they say, in Yugoslavia, where all human rights are subject to the prevailing "interests of socialism and the working class," freedom is subject to revision, and all democracy reversible.

"Optimists, on the other hand, assume that the liberalization, propelled by the constraints of economic issues and crises, can no longer be reversed. And, finally, minimalists prophesy a "muddling through" of long duration without any clear decision for one or the other orientation.

Indeed there are no recognizable signposts or routes leading out of the Yugoslav crisis mess. "The crisis is strengthening all forces, nationalists and centralists, democrats and supporters of a strongman's policy, reformers and dogmatists," says Zeljko Brihta, commentator of the Zagreb newspaper VJESNIK.

The hard-liners, at any rate, are not satisfied with the present course. They mess around in the economy, gripe about the "imperialist interest servitude" the country has gone in for--being up to its ears in debt to the International Monetary Fund and 600 Western banks. While Yugoslavia, with a debt of about 50 billion Deutsche marks [approximately \$21 billion] in the West, has just announced that it will continue to work with the IMF, the dogmatists in the country are already shaking the foundations of the stabilization program passed under IMF guidance in 1983, which prescribes market laws and austerity. They are trying to stop the market-free, and therefore higher, formation of prices. They have already undermined an important part of the IMF anti-inflation policy and prevented the establishment of "real interest rates" adapted to the level of inflation. They resist the stimulation of private industrial energies and the abolition of a regulation which limits the land of private farmers to 10 hectares, while 2 million hectares of agricultural and pasture land lie fallow and Yugoslavia has to import foodstuffs. They are blocking the expansion of small private industry, setting limits for the number of employed, and creating credit and import obstacles, and engaging in bureaucratic chicanery. This is not the way to create hundreds of thousands of jobs for more than a million unemployed: long live socialist equality in poverty!

The state of which Mikulic will take charge as yet is pursuing a more liberal policy. It appears that after a 5-year delay a post-Tito era is to begin. "After Tito's death we were in shock, clung to continuity and unity, and did not want to touch or change anything," says Nijaz Dizdarevic, and intellectually impressive leading communist official from Bosnia; "only now is life without Tito actually beginning, with his testament not to be taken literally but to be adapted to new kinds of needs." Boris Muzevic, secretary in the Belgrade party Presidium, declares 1985 to be the "beginning of the Yugoslav phase of sobering up," of "transition to real alternatives." And he promises, "For 30 years we have tried to put words into action; now we will do so in earnest."

It is a bold promise, though some things have already been set in motion. The crisis debate is being conducted with an impressive openness, supported by an extremely critical self-diagnosis and a diagnosis of the system which would be unthinkable in other communist-ruled countries. The key problems are being identified correctly.

What is at stake is the role of the party, which theoretically has forgone its power monopoly over state and economy since 1952 but which in practice, according to the newspaper DANAS, "is arrogating all decisionmaking," and is doing so "without any regard to the democratic procedures prescribed by the constitution." What is at stake is the central question of political and economic responsibility. What is being debated further is a renovation of the weakly workers' self-administration, split into mini-units and dominated by technocrats, local bureaucrats, and state and party officials. The market economy, differentiation of wages, and the closing of unprofitable enterprises are being conjured up. One deplores the separatist division of Yugoslavia into competing interest groups in the state, the party, and the economy, being guided by the interests of six republics, two autonomous provinces, and eight

nationalities. And one deplores what Boris Muzevic calls the "monopoly of impotence" at the Federal level.

Should one first change the political or the economic system? Is it in fact necessary to change the system? Is the crisis not just being caused by an erroneous interpretation of the constitution and a flawed implementation of the workers' self-administration? Is it not human failure and "a lack of awareness" rather than the existing structures and institutions that are to be blamed for the whole misery?

Many questions, and no conclusive answers. A lot of rhetorical wind but no movement. Nejdán Pasić, party ideologist and president of the Serbian Constitutional Court, is right when he says: "In criticism, we are radical; in analyzing the roots of the crisis, already less so; and when it comes down to concrete solutions, hardly any radicalism can be felt any longer." Pasić was a member of a government commission which after years of drudgery and consulting hundreds of experts came up with a "critical analysis of the political system." According to Pasić, it yielded virtually nothing and by and large had to be content with "political-moral messages."

The bottom line of the reform debate in Yugoslavia, conducted at great expense and with a lot of noise, is a few reform band-aids which cannot close the crisis wound by any means. The principle is: Yes to economic corrections, no to system reform.

In the case of reforms, it is a question of laws in various areas (foreign currency, foreign trade, international loans, banks) with whose help it is intended to restrict economically the political decentralization and republican cliques. "Concentration" (the term "centralization" is unpopular) of foreign-currency income is to be furthered. So far 40 percent of it has been in the hands of export firms, and thus of local apparatshiks; now the entire foreign-currency income of enterprises is to be exchanged against dinars at the National Bank. The bank will then distribute the foreign currency among interested importers on the basis of all-Yugoslav export promotion criteria. At the same time it is planned to apply stricter legal criteria, and thus to eliminate the small enterprise banks subservient to local clans and cliques, in order to make possible a larger scale money and credit traffic exceeding provincial and communal limits.

De-Titoization leads to a striking loss of authority of the Tito heirs. "They are no longer pledged to any cause or international role, and all they are looking for is their own advantage, villas, apartments, cars, money, and prosperity," says the courageous civil rights activist Kosta Cavoški openly and with great bitterness. Whereas Tito's historical place of honor definitely is acknowledged--particularly his epochal, though reluctant, break with Stalin--he has become irrelevant for Yugoslavia's burning current problems, even though his portraits continue to hang on the walls of all official premises. Tito would not make it today any longer even if he were alive," says the doyen of Slovene literature, Josip Vidmar, who promoted Tito's election to marshal of Yugoslavia in November 1943.



Quite openly, Tito is being blamed for "unforgivable mistakes." Above all, his growth policy based on borrowing billions of dollars from 1976 to 1980 is being termed "economic suicide."

The mediocrity of the team of servile yes-men whom Tito surrounded himself with and who survived him as rulers is being pilloried. Tito's Stalinist past is being newly revived. Historians charge Tito's communists with having committed "mass murder" of their adversaries after they assumed power in 1945. They accuse Tito's celebrated partisans of having behaved "like vagabonds and chicken thieves." They turn the Chetnik guerrillas, whom Tito fought as "traitors," into "Serbian nationalists."

All attempts to save the marshal's honor are now in vain. A special commission for preserving and developing Titoism complains about a lack of quoting Tito's name and speeches. It is said to have opposed Tito's head being printed on the new 5,000-dinar bills in light of the fact that the value of the dinar is constantly decreasing. The Zagreb paper VJESNIK inveighs against "direct and unequivocal attacks against Tito and his closest collaborators," and trials leading to years of imprisonment are conducted against persons calling "Tito's character and works" into question. But these strongman propaganda and police actions do not seem to be of any use any longer.

#### Disgruntlement in the Army

And where does the Army stand in this chaos of opinions and political forces? Could it soon be the turn of the generals in Belgrade? Is there a "Yugoslav Jaruzelski" on the horizon? It does not look that way. Western observers and military experts consider a military assumption of power to be "extremely improbable." They take Defense Minister Branko Mamula by his word; he has given assurances that he commands "a people's army, not a putsch army" and "supports the political system." Yet there is growing disgruntlement among the generals about the economic crisis, nationalistic "enemy" excesses, "disintegration," and the weakness of central state and party organs. Top officers make no secret of their longing for the good old "democratic centralism," calling for "radical changes" in the party leadership and a tighter party structure.

It is striking that army spokesmen also make themselves heard on nonmilitary questions in the course of Central Committee discussions, that local militia units subordinate to the Army increasingly involve themselves as strike breakers in labor disputes, that the untoward term of "political security situation" is being used increasingly in the official jargon. Moreover, the defense minister is demanding vehemently and with new self-confidence a legal fixing of the share of the military budget in the national income. Dealing with the internal Yugoslav dangers scored by the military, the secret action plan for "preventing and eliminating emergency situations" passed by the Central Committee provides for comprehensive Army aid. As the motive force and instrument of the supporters of a hard line in the party leadership, the Army must therefore definitely be taken seriously as a factor in domestic politics.

Nevertheless, a solution of the Yugoslav crisis is not being offered by the Army either. So the fateful Yugoslav question remains: how is one to expand freedom and democracy without letting go of communist power?

The dilemma could perhaps be solved if one took seriously the lofty pronouncement of the 1958 party program which led to the second break by Tito with Moscow: "Nothing must be so sacred to us that it cannot be replaced and excelled by something even more free, progressive, humane." There are justified doubts in Yugoslavia that the future head of government, Branko Mikulic, will adhere to that.

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ECONOMY

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# CONTROVERSY OVER 'PROGRAMMED INFLATION' CONTINUES

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 15 Dec 85 pp 18-20

[Article by Marijan Korosic: "The Mistakes of Programmed Inflation"]

[Text] This fall has been a hot one. Now, in just one month, the cost of living can grow by more than 10 percent. In other countries, with which we must compare ourselves, it does not grow that much in an entire year.

Inflation has certainly contributed to the existence of many dissatisfactions, not just in our country but also elsewhere in the world. Many politicians have gotten ahead because of the inflation that occurred before them. An equal number of politicians have left the scene because of inflation. Recently Professor Cirovic introduced the concept of "targeted inflation" (in English target means goal, so now you can translate it) into our literature. Other economists, such as Professor Perisin, popularized the concept, with the same meaning, but using the more understandable expression "programmed inflation." Every period has had attempts at innovations. Can this idea be called an innovation?

## Film Seen

The innovators are not quite original. They merely repeat what we have already had, which did not lead to curbing inflation. They are proceeding from the need to proclaim not only the rate of monetary growth and the rate of the nominal social product, but also a breakdown into a programmed rate of production and a programmed rate of inflation during the next period. They are also proceeding from the need for monetary targeting to enjoy a sufficient degree of confidence among most of the market transactors in the system.

For us, this would mean the establishment of a social consensus between the economic policy-makers and associated labor. "Such a verified and coordinated basis," Cirovic says, "for the adoption of the annual economic policy plans, could then be a basis for the conduct of organizations of associated labor, especially with respect to the determination of the rate of inflation for the current year." And further on: "This would have a coordinated and stimulative influence upon organizations of associated labor seeking, more quickly and

actively, ways to reduce their expenses, so that they could be consistent with the programmed curbing of inflation while minimizing recession factors in the implementation of the coordination process."

Even among the initial reactions, there were not many supporters of this idea. Professor Bajt rejected the idea as an unrealistic intellectual construct. He sees the sole element of reality as being the inclusion of the "executive-political structures of the sociopolitical communities" in the social consensus mechanism. This, however, brings us to state and political direction of the agreement process, in which self-management only serves as a screen and a tool for administrative control of the economy. I agree with this assessment. Even this would be enough of a reason not to discuss the idea in academic circles. The idea is not only unrealistic, since it does not take into account even the elementary forms of the price equation, but it also contradicts the socioeconomic foundations of the Yugoslav system. In this system, the commodity nature of business activity, which includes the free action of economic subjects, is the key element.

Programmed inflation, however, found a place for itself in the Draft Resolution on Economic Policy for 1986. A 30 percent price increase is planned. All that remains now is for this inflation to be "redistributed" among the republics and provinces, and for the latter to allocate it further among the main economic subjects. The federal government will be the referee.

We have yielded to proposals that are in conflict with what has been the goal so far, i.e., the Long-Term Economic Stabilization Program. The unique features of our system also include the fact that the same government conducts two economic policies, and changes its policy even before any full implementation of the first policy has begun. Something similar happened to us in 1968. The developments after that year are enough of a basis for predicting what will happen now. Marx often quoted Hegel: history has a tendency to repeat itself, the first time as a tragedy, and the second time as a farce. We in Yugoslavia really have the feeling that history is repeating itself.

There is a definite certainty that the proposal and the already initiated introduction of programmed inflation actually do not have the curbing of inflation as the primary goal (after all, it cannot really be curbed during the foreseeable future); their goal is instead to reduce nominal interest rates, halt the depreciation of the dinar, and adopt administrative measures to oppose price increases. All of this is directed against the economic mechanism that has in fact led to an enormous redistribution of income, but not in accordance with the "outlining" of those who are in favor of the status quo (a status that is becoming a curse!), but rather in accordance with economic criteria that would be the only valid ones, or at least mostly valid.

One does not have to provide much interpretation of what price manipulation means in our country. The revival of the old proposals, which have already been present to some extent in concrete policy, will reduce Hegel's idea to history repeating itself only as a tragedy. Although it is regrettable, I will not devote any more space to this, except to emphasize that administrative price control is also in conflict with the new Law on the System and the

Social Control of Prices (in effect since 1 January 1985). This is the first of only two systemic laws (the other is the Law on Planning) that the Assembly has managed to pass since the adoption of the stabilization program. Here we can see what a short time our systemic laws can last, and how difficult it is to defend them.

#### Abandonment of the Reform

Since the very adoption of the stabilization program, economic policy has encountered a problem that has not been assessed with complete objectivity in politics and the economy, the problem of the repayment of foreign debts. The critics of the present economic policy do not believe that the economic policy measures could have been directed toward anything other than primarily toward maintaining external liquidity, under pressure or without it. Whether some other measures could also have been adopted is another question.

Because of the debts, but even more because of the general turning of the economy toward new markets and a new method of production, exports are the key element in solving the economic problems. The fact is that exports have a 100 percent regular effect on the exchange rate of the dinar. Any vacillation in this regard is immediately paid for with a high price, and this is not just accelerated inflation. Recently there has been a quiet retreat from this vacillating although somewhat more active policy of a real exchange rate for the dinar. The conditions for the possession of foreign exchange are also being changed; in October the possession of foreign exchange was reduced from 46 percent to 42 percent.

Although we will no longer be able to maintain seriously funded economic recommendations, we will have administrative intervention, and we know that this will neither increase exports nor reduce inflation. The burden of correcting the mistakes will only be shifted completely to those who do not deserve it because of their overall economic performance, especially their export performance.

Interest is now the most sensitive part of the anti-inflation policy. The phenomenon of interest, the reasons for its being maintained, its functions and consequences, constitute a difficult problem for economic science. Interest is also linked to the institutional system of a specific economy. With a few exceptions, discussions of interest rates and their role in the self-management system are conducted in general terms, and too often reduced to issues related to technical and banking activities, or even the accounting system.

#### The Size of Interest

If we take interest simply as a market phenomenon, without consideration of its institutional framework, we should now recall and refresh the theories that have come from K. Viksel, through J. Schumpeter, to the present day. The idea of exploitation, which has come from Adam Smith through Karl Marx, cannot be accepted, since it can only be proven in a stationary economy. According to Schumpeter, for example, a banker is not only an intermediary in the purchasing of goods, but is also a producer of money. Consequently interest

is not a compensation for savings, but is rather a payment from the production sector to the financial sector in return for the availability of money. Today we can see that Western economies are passing through a process of profound transformation and modification of the production structure, the changes in which involve mechanisms that, through what is at first glance a neutral market for money and interest, are accomplishing enormous and essentially civilizing changes within individual developed economies, as well as changes in the international division of labor that will leave lasting consequences.

But what theories is our interest policy based on? The first serious steps in using interest as an important market mechanism were taken in the planning documents for 1982, when interest was put in a more active position in order to stabilize economic trends. Since then interest rates have nominally increased sharply, but this has nevertheless not turned them into real positive interest rates. In order to evaluate interest policy, we should also take into account the fact that the actual interest rates (for old and new credits and exceptions) are far from corresponding to the prescribed interest rates (the maximum ones). For example, in 1984 the average actual active interest rate was 11.75 percent, and the passive one was 7.44 percent. Both are far from real interest rates: the former by 28.55 percent, and the latter by 33.47 percent.

One could continue to list many figures, but it is not necessary here. If we turn only toward the producers and ignore consumer interest, several fundamental relationships to which the economic system has led should be emphasized. Most of the property of the socialized sector has been financed with its own capital. That would be a very good situation if it did not conceal the following problems. In the first place, most of the property and its own sources was created through a revaluation of the funds, while capital formation from distribution has contributed relatively little to an increase in the business fund. In the second place, with a high level of investments relative to the economy's capital formation capability, only modest possibilities remained for financing working capital through savings. Investments in inventories represent an enormous and increasingly greater part of the social product. We can identify the way in which working capital is used as one of the basic causes of the deterioration in the quality of the economy. The increase in interest rates did almost nothing to reduce inventories in relative terms. This is because the Yugoslav economy does not react to demand. Prices are only adjusted with respect to costs, and so the economy is able to take any credit at any interest rate. We also have a third negative phenomenon in the financial structure. The favorable ratio of the property of the socialized sector and its business fund has been achieved while simultaneously creating losses in the Yugoslav banking system. It seems that these losses are now the primary fuel for inflation.

#### Systemic Rentiers

In such a situation, there has to be an increase in interest rates, first of all up to the rate of inflation, and then beyond it. This increase is a means of eliminating the negative consequences that inflation is inflicting upon the economy and the population that saves. Inflation is systematically destroying distribution according to work, and so the introduction of real interest is a

socialist instrument. Interest that is below the rate of inflation is not rentier income, as some people think. The greatest rentierism occurs in the distribution of the income that arises on the basis of unreal expenses.

Inflation and interest that keeps pace with it will bring about a concentration of capital formation in some production and financial sectors, and this will lead to structural changes. If we adhere to the definition that the priorities are where the greatest economic results are expected (which can consequently also pay the highest interest), then interest makes possible a new redistribution of capital formation in accordance with economic criteria. Naturally, handicapped thought takes as the priority those areas in which capital formation is being artificially forced (on the basis of unrealistic plans or regardless of them, it is all the same), independently of economic criteria, and so will not agree with the allocation function of interest. This is why the real experts are crying so much for real interest.

The basic mistake of a theoretical-methodological nature that is made by the critics of the present economic policy is that they feel that any inflation, and thus Yugoslav inflation, is directly linked to the methods of the implementation of economic policy. This is not far from the frequently criticized thesis of Milton Friedman that "inflation is always and everywhere a monetary phenomenon." A much more cautious definition should be preferred, even though inflation has become unbearable and should be reduced as soon as possible. The above assessment of economic policy by Yugoslav critics conceals mistakes that are inconsistent with a materialist concept of development.

Nevertheless, one should believe that the creators of economic policy will not yield to ideological attacks, and that, taking into account and perceiving the full complexity of economic laws and the needs (and the federal government has the capability of seeing the whole), they will obtain the strength and incentive for different and more fundamental changes in the system, and not eliminate even the little progress that has been achieved in economic policy.

The international market and the competition punish mistakes and delays. Technological stagnation, and in some opinions backwardness as well, could bring us in the foreseeable future to an even more serious and dangerous crisis than the one caused by overindebtedness and disrupted relationships in the economy. Any acceptance of the idea of programmed inflation will not reduce inflation, but only create a gap between prices and the need for capital formation in the more energetic sectors of the economy. It would intensify the extent to which we are lagging behind the rest of the world.

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ECONOMY

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MACEDONIAN FOREIGN TRADE DEFICIT FOR 1985

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 4 Feb 86 p 3

[Excerpts] The economy of Macedonia, occupies sixth place after Montenegro and Kosovo in creating the Yugoslav social product and occupies seventh place after Vojvodina in regard to coverage of imports by exports last year. At the same time one should note that Croatia occupied sixth place as regards import/export coverage although it is first in creating the Yugoslav social product.

Part of the reason for Macedonia's unsatisfactory foreign trade results stems from...irrational investments such as that of "Feni". According to the latest report, the economy of this republic will have to bear about one-half a billion dollars in damages as a result [of irrational investments].

Macedonia exported \$541 million worth of goods last year, or 5.2 percent of all Yugoslav exports and only 6 percent less than Macedonia's share in the Yugoslav social product, which is the same percentage that Croatia is lagging in exports compared to its share in the social product.

In regard to imports, Macedonia spent \$848 million last year, or 7.1 percent of total Yugoslav imports, resulting in a deficit of \$307 million and coverage of imports by exports was only 63.8 percent (only Vojvodina showed worse results).

Data on imports of energy raw materials is needed because the Skopje refinery was built for "imported oil" and on the basis of hard currency credits. This republic spent \$272 million last year to import 1.01 million tons of oil and 215,000 tons of oil derivatives, which is 11 percent of the total amount of \$2.484 billion spent to import energy raw materials.

Macedonia exported \$351 million worth of goods to the convertible-currency market, or 64.8 percent of its total exports and 5.5 percent of Yugoslav exports to this market. It imported \$497 million worth of goods from this area, or 58.6 percent of the republic's imports and 6.2 percent of total Yugoslav imports. The coverage of imports by exports was 70.6 percent and the resulting deficit of \$148 million [as published] is 8.8 percent of the \$1.661 billion deficit of all republics (except Slovenia) and both provinces (in which Croatia, Vojvodina and the Federation predominate) on this market.



Macedonia exported \$190 million worth of goods to the clearing-account area, or 35.2 percent of its total exports and 4.7 percent of Yugoslav exports to this area. It spent \$351 million on imports from this area, or 41.4 of republic exports [presumably, imports] and 9 percent of Yugoslav exports [presumably, imports] to this area. This resulting deficit of \$161 million is 1/4 of the \$629 million deficit Bosnia-Hercegovina, Macedonia, Slovenia, and Vojvodina have on this market. The other republics and Kosovo have a favorable balance of \$760 million with this area.

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ECONOMY

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## PROVINCE OF VOJVODINA SHOWS POOR FOREIGN TRADE RESULTS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 5 Feb 86 p 2

[Excerpts] The Vojvodina economy in regard to foreign trade results represents a collection of contradictory elements for which a solution...has not been found..., although it is clear that things cannot continue to this way. According to the level of economic development, Vojvodina is third in the country. According to its share in creating the Yugoslav social product it occupies fifth place, with 11.6 percent, but its share of exports in the province's social product, is only 21.7 percent.

This is frequently explained...by [Vojvodina's] unequal position regarding exports of agricultural products. Price formation, along with application of the so-called cost principle which has dominated Yugoslav agriculture for more than a decade and its introduction into the oil industry 2 years ago, is...one of the most important causes of the above results.

Last year this province exported \$860 million worth of goods, or only 8.2 percent of all Yugoslav exports, and the negative difference between its share in the Yugoslav social product and its exports is 3.4 percent, or more than that of any other republic or province. Vojvodina exported only 21.9 percent of its social product, or 89 percent less than the country average and 52 percent less than that of Montenegro.

There is no doubt that preventing the export of certain agricultural and food products partly contributed to such unfavorable export results, but even without this restriction much would not have been achieved. Producer prices of these goods could not nearly compete with those on the world markets because they are formed according to the cost principle. Also, Vojvodina...meets most of its needs in electric power and coal from other [Yugoslav] regions for which ...sales abroad are also limited because this is in the interest of the country.

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Vojvodina imports last year amounted to \$1,453 billion, or 12.2 percent of Yugoslav imports but also 36.8 percent of the province's 1984 social product; thus, its trade deficit was \$593 million, or more than any other region of the country. When it is known that nearly one-half of the province's imports (\$708 million worth) consist of energy raw materials, oil and oil derivatives, which are spent throughout Yugoslavia, one could conclude that this is unfavorable for Vojvodina. But this is only a first glance. Exports from the entire Yugoslav economy provide the funds for importing these raw materials. In addition, Vojvodina sells about 1.4 million tons of its oil to refineries at world prices, earning about \$180 per ton, in addition to its sale of oil derivatives at prices averaging three times more than those paid for imported raw materials.

Vojvodina exported \$511 million worth of goods last year to the convertible-currency market, and imported \$776 million worth, or 53.4 percent of its total imports.

It exported only \$349 million worth of goods to the clearing-account area but imported \$677 million worth of goods from this area last year.

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BRIEFS

BOSNIA-HERCEGOVINA FOREIGN TRADE--In 1985 Bosnia-Hercegovina exported \$1.469 billion worth of goods, or 14.1 percent of all Yugoslav exports and 7 percent more than the share of this republic's economy in creating the Yugoslav social product. At the same time this republic imported \$1.601 billion worth of goods, or 13.5 percent of total Yugoslav imports and 1 percent more than this republic's share in the Yugoslav social product. Bosnia-Hercegovina received from the Federation \$529 million in hard currency to import goods last year; this amounted to 33 percent of its imports. For this amount it imported 2.832 million tons of coking coal, 1.4 million tons of oil, and 155,000 tons of oil derivatives. As has been characteristic for this republic for several years, it bought and sold more on the convertible market than on the clearing-account market. It sold \$885 million on the convertible market, or three-fifths of all exports from this republic but 15 percent less than the average country-wide exports [to this market]. At the same time it imported \$912 million worth of goods from this area, including, as noted, \$529 million worth of energy raw materials. Bosnia-Hercegovina exported \$584 million worth of goods to the clearing-account area, or two-fifths of all exports of this republic and 14.5 percent of Yugoslav exports to this area, but it imported \$689 million worth of goods. [Excerpts] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 30 Jan 86 p 3] /8918

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MILITARY

ROMANIA

## RELATIONSHIP BETWEEN CEAUSESCU, MILITARY DISCUSSED

### New Role of Army Examined

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 7 Jan 86 p 3

/Article by Harry Schleicher: "Romanian Army Caught in Crossfire"/

/Text/ The energy crisis, supply shortages, overall winter doldrums--they have all become part of everyday life in Romania, just like ambitious plans. And just as much in keeping with tradition the New Year was rung in with announcement of great economic goals. The 1st year of the new 1986-1990 5-year plan alone is supposed to achieve economic results equal to the entire preceding 5-year plan. GNP is supposed to rise by 10 percent and overall production even by 12 percent.

But whatever the plan or the propaganda may say--among the population dissatisfaction and skepticism regarding the glorious statistics which hardly have any bearing on everyday life are growing. It also seems as though dissent and criticism of state and party chief Nicolae Ceausescu's economic policies is stirring. That at least is the conclusion to be reached from public statements he himself has recently made.

Not too long ago, in speaking before the RCP Central Committee, Ceausescu complained about the fact "that some party functionaries bearing great responsibility have not been making enough of an effort to implement agreed upon programs and plans...At times, I have the impression that some functionaries believe that they can afford to ignore decisions and the law of the land when they have been given a job to do."

In particular, the state and party chief addressed words of warning to representatives of the highest party and government bodies, i.e., the Central Committee, the Political Executive Committee and members of the cabinet, saying that he will not countenance "a single deviation from the law of the land and the decisions of the party." He concluded his philippic by saying: "We are not a debating society; we are and must remain a revolutionary party..."

There is no other country in Eastern Europe which permits as little information to become public as Romania when it comes to events inside the power centers. One of the reasons for this is that power itself is increasingly concentrated at the top of the pyramid--with Nicolae Ceausescu sitting unchallenged at its

apex. The style of political rule which has become a hallmark of this system makes it extremely difficult to obtain any information on deviation and much less opposition in anything like real terms.

Still, Ceausescu's criticism of the leadership cadres and his vehement rejection of any structural reform ideas (e.g., granting more influence to the private sector as in Hungary or China) are clear evidence of the fact that reform ideas are in fact being debated below the surface. Apparently there are some responsible people secretly asking whether the severely imbalanced economy might not be put back on its feet through the introduction of such alternative programs. In the meantime, however, Ceausescu himself is continuing to harden his position as the most dogmatic proponent of antireform policies.

One concrete example of this is Ceausescu's order to use the army to resolve the energy emergency which has hit the country during each of the past three winters. This action recalls the policies of early Leninist war communism, i.e., the very opposite of a reform policy such as the one subsequently introduced by Lenin.

But there are other events which have turned the spotlight on the army as a major factor in Romanian domestic policy. During the 20 years that Ceausescu has been in power one has gotten used to the personnel merry-go-round turning faster and more often all the time. Just the same, the way the changing of the guard at the head of the Defense Ministry occurred was a bit surprising. Defense Minister Constantin Olteanu had just returned from a visit to Moscow when Ceausescu introduced Vasile Milea as his successor at a plenary meeting of the command and party directorate of the Romanian Army.

Milea's grand entrance in the presence of his commander-in-chief, Ceausescu, topped all previous records of obeisance and servility. "We ask you to permit us to attest to our great respect and esteem for you, the most illustrious son of the Romanian people, the hero of heroes of the people, the brilliant director of the destiny of our country, an outstanding personage of the present-day world, whose name is an expression of the glorious era inaugurated at the historic Ninth Party Congress (in 1965 when Ceausescu became chairman of the RCP, Ed.), a name which has inscribed itself into the consciousness of mankind as a symbol progress, freedom and peace."

Does this type of byzantine language merely represent an aggravated continuation of existing leadership styles or is it a reflection of an actual political process behind the scenes? Although former Defense Minister Olteanu was appointed to the rather influential post of party secretary for Bucharest, Ceausescu's criticism of the army leadership was hard to overlook.

Two particular subject areas were the subject of special criticism: the role played by the army in economic life and its unsatisfactory collaboration with the security units (police and secret police) under the Interior Ministry and the patriotic Youth Guards. Ceausescu criticized the officers for "doing somewhat less today on behalf of the general development activity of our country than was done during the first years of building socialism."

As a consequence, the army has been assigned five additional economic tasks during the new planning year. It is to make a major contribution to the construction of a canal from the Danube to Bucharest which is turning the capital into a major European inland port. The army has also been ordered to help in the establishment of a 1.5 million hectare irrigation system and a reforestation program. There is good reason to doubt that such use of the army as unpaid labor will meet with general approval. Ceausescu himself indicated that the action was being criticized within the army itself--resumably among the officers who consider such work beneath their dignity.

The second major criticism which culminated in Ceausescu's calling on the army to play a greater role in the state and in society reads like an admission that something like an independent, particularist trend actually exists inside the Romanian Armed Forces. This might explain why Ceausescu expressly called for closer collaboration between the army and the units of the Interior Ministry and for improved political training for officers "with the revolutionary communist spirit."

One sometimes hears it said that the army cadres are dissatisfied with their material status as compared to the Interior Ministry's security units. Although there is no proof of this, one may assume that Ceausescu is trying to counteract the dissatisfaction heightened by the economic problems by ordering the army to collaborate with (or rather submit to) the security forces over which he has more control. Romanian domestic policy which seemed to be going nowhere for such a long time appears to have started moving once again.

#### Opposition to Ceausescu Alleged

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 27 Dec 85 p 5

/Article by "V.M." : "Resistance in Romanian Army"/

/Text/ Vienna, 26 December--In a speech to officers on 17 December, the full text of which has now become available, Romanian head of state and party chief Ceausescu has confirmed that there are signs of resistance inside the army in opposition to his policies and that the recent change at the top of the Defense Ministry is a consequence of this dissent. Ceausescu's speech also indicates that the major reason for dissatisfaction among the officers is that the "leader" is making increased efforts to commit the army to the solution of purely economic problems, in particular in construction work. Ceausescu appears to feel that he has no other recourse in view of the economic difficulties; but he also seems to think that this action affords him the only opportunity to carry out new and ambitious projects which rest on rather weak economic foundations.

Ceausescu's polemical statements indicate that the officers and men of the Romanian Army appear to think that it is their job to defend their country and that they should not be doing construction work like prison inmates. At the very start of his speech to the assembled high-ranking officers and political commissars in the presence of his wife Elena Ceausescu said that the point was to create "better conditions for the realization of the new 5-year plan" and

the party decisions." Within this context," he said, it had become necessary to make "some changes" within the army. He then announced the replacement of Colonel General Olteanu by Colonel General Milea as defense ministers. Olteanu has since reappeared as party secretary and mayor of Bucharest--a responsible job but one which also involves a lot of headaches. For that matter, the incumbent is in constant danger of being made a scapegoat by Ceausescu for supply problems and other shortcomings.

Ceausescu went on to say that he wished to be "very clear" about the need for the army to participate in building the economy. This contribution, he said, was an "indispensable part" of the army's combat and defense role. He also wanted to "make it clear" to the officers that he felt there was a need to look for better ways of cooperation by the officers themselves and their cadres in the development projects of the nation. At the same time, Ceausescu referred darkly to "military cadres" which had been assigned to various economic activities and which would return to army ranks only if they were needed, i.e. in case of a national emergency. It is not clear whether Ceausescu was alluding to punitive transfers or simply to reassignments--as in the case of the recent decision to "militarize" the power plants.

Ceausescu also announced what jobs he needed the army for. The army had previously been assigned to work on two projects of doubtful economic value, e.g. the Bucharest subway and the Danube-Black Sea Canal. As part of the new 5-year plan which starts in early 1986 Ceausescu proposes to build a new canal, this time from the Danube to Buachrest. He also wants the army to carry out major irrigation projects in connection with the construction of the canal and to perform reforestation work in other areas. Observers are not sure whether Ceausescu now means to militarize the economy or to "economize" the military.

In all likelihood, this question will continue to be debated. In this context it would therefore seem to be worth noting that Defense Minister Olteanu who was obviously on his way out was given such a splendid reception in Moscow. In his speech to the officers, Ceausescu devoted surprisingly little time to the question of cooperation with the Warsaw Pact. By the same token, he sent his new foreign minister, Vaduva, to Moscow--perhaps, as some observers believe, in order to inform the Soviets about the visit by U.S. Secretary of State George Shultz. In a joint statement with Bulgarian party chief Zhivkov, Ceausescu made an additional concession to Moscow. Apparently on the basis of a Romanian initiative, the statement includes a proposal to turn the Balkans not only into a nuclear-free zone but also into a zone free of chemical weapons. The Bucharest party organ SCINTEIA is calling this proposal an expression of utmost wisdom and responsibility.

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MILITARY

YUGOSLAVIA

COMMANDER OF LJUBLJANA MILITARY DISTRICT INTERVIEWED

Ljubljana MLADINA in Slovene 20 Dec 85 pp 10-13

[Interview with Svetozar Visnjic, Ljubljana Military District Commander, by Miha Kovac and Uros Mahkovec: "We Have No Specific Interests of Our Own"; date and place not given]

[Text] Lieutenant Colonel General Svetozar Visnjic has assumed the duties of commander of the Ljubljana Military District (LMD) not long ago. He was born in Slavonia, and he has followed the military vocation for 42 years.

The interview with him took place during the preparations for celebrating the YPA [Yugoslav People's Army] Day. In the interview, we did not want to merely fulfill a courtesy or protocol duty. Since the armed forces are an important part of the social production process and our reality in general, we feel that one of the fundamental duties of the news media, including Mladina, is to acquaint the public with the various points of view, including the thoughts and positions of the members of the armed forces, and thus contribute to the formation of the public opinion and the further socialization of defense affairs and defense problems.

[Question] In reporting and writing on the YPA and the armed forces one fairly rarely comes across those minor matters and duties that usually constitute the major portion of each and every working day. We are therefore interested in some totally small and seemingly unimportant things of interest from the working day of a YPA commanding officer!

[Answer] With your permission, I would like to expand that question and say something about certain principles and postulates which form the basis for human relations in the YPA and about how we view the state of those relations, since that is one of the main and most important questions for the strengthening of unity. One of the fundamental values of moral and political unity, and combat readiness and strength of the YPA are its personnel and its internal relations. The army is socialist and revolutionary in its nature, it developed out of the People's Liberation Struggle, and it is the armed force of all the nationalities and national minorities of Yugoslavia. Life and work in the army are based on relations stemming from the nature and character of our self-managing socialist society because we are the army of this society which is socialist and revolutionary. The social position of

of the individual in society and the human relations in the army change and grow in accordance with the development and democratization of social relations; at the same time, the role of the individual is constantly becoming stronger, the factor of awareness grows as do the factors of volition and motivation, all of which has an influence on the building of relations in the army. Human relations in the army are based on the principles of subordination and the chain of command. Within these limits (subordination and the chain of command), respect for the individual and the development of socialist humanism in the full sense of the word find their greatest expression. We must be aware of the fact that the army is part of that society, that it is not an organism outside of social trends and social relationships. Consequently, all the problems, deformations, and contradictions that appear in the society during its development will manifest themselves in the awareness, behavior, and mood of the military component and of each individual, in their approach to duty, tasks, and everyday obligations. We are proceeding from a firm ideological commitment based on the LC [League of Communists] platform and on each senior officer's ability to lead a unit and the people with knowledge, ability, skill, and personal example and not only with the formal position and authority given to him by his position in the organization. These are the main principles and demands placed on every senior officer in the YPA. Such senior officers are not developed and formed by themselves. This is a continuing process and an organized educational-training, but primarily ideological and political task that is begun in the military schools and continued without interruption throughout the time spent serving in the YPA. In our view, the military schools play the most important role in this, because they must form, during the process of schooling and educating, the basis of such conduct; also, all the other factors and personnel in the military organization are also important, because a person must, by using the knowledge and experience acquired in school, continue to improve himself. Of course, school cannot provide all that is necessary for one to discharge all the duties he comes across in the YPA; instead, these skills must be developed and improved through the performance of duty. These then are some of the postulates on which human relations in the army are based. We in the LMD feel that human relations and respect for the individual are on the whole very stable. There are no serious or acute problems that would indicate that there is no respect for the individual, that it is not possible for every individual to express himself, or that the principles of subordination and chain of command are being abused. In our army collective work is developed, very well developed, as are the collective evaluation of the situation and the collective discussion of problems, from leading to covering the rear, and all other factors.

Each senior officer in the army has the opportunity to present his proposals and views in accordance with the scope of the duties he is performing; we then evaluate them at collegium level (collegia are formed at all levels of command), and decide on the wisest course of action in a given situation. In the process of formulating decisions that pertain to command, it is easy for every senior officer to present his views, and disagree, disagree in a well-reasoned manner, with another view; the collective evaluates all this. The chain of command, however, manifests itself in having the commander in question make his decision on the basis of such discussions; afterwards, no one

has the right to question the decision. When that is done, everybody must perform his part of the tasks stemming from such a decision, and implement what has been agreed upon. This pertains to leadership and command; regarding the management of human and other relations at the unit level, we have developed in each unit designated and organized personnel groups. They are the military collectives, LC and Alliance of Socialist Youth of Slovenia [ASYS] organizations, committees for order and discipline, committees for cultural and recreational activities, and committees for the security and protection of the units. There are various opportunities for the collectives and their bodies, and thus for the soldiers themselves, to discuss all aspects of human relations and suggest to the senior officers and collectives what should be done to expand and improve these relations, and so on. In this sense, each soldier affirms himself as a person and not an object manipulated by the decisions. Thus, he is a person that participates in decision making. In other words, we feel that is the only basis for reaching the best and most suitable decisions, and that afterwards such decisions are quite useful for developing a unit's combat readiness and strengthening its internal cohesion. It is understandable, however, that there still are certain problems. God has not, so to speak, made all men such that they would automatically accept all this. We try, however, to remove all these weaknesses and to harmonize these relations with the meaning of the army through organized educational work, collective work, work of youth organizations, the development of a high ideological awareness, political work, etc., and thus to strengthen, develop, and enhance them.

[Question] It is a generally known fact that the tremendous technological progress, both abroad and here in Yugoslavia, has had a very powerful influence on the development of contemporary military technology and strategy. The YPA as well has recently introduced certain new organizational things into its makeup. We are primarily interested, for example, in the experiences to date in the introduction of professional soldiers (contract soldiers), and in the experiences and analyses of the voluntary training of women.

[Answer] We do not yet have any experiences regarding the introduction of contract soldiers. This is a new thing that was introduced with the law on military service, which was voted upon in the Federal Assembly only recently. As you yourselves noted, we are introducing this category of soldier because very demanding technological equipment, demanding weapons systems, demanding communications systems, and other demanding technical systems are being introduced into the army, all of which requires a greater professionalism and comparable experience. For that reason we have introduced the category of contract soldiers. This applies to soldiers who, after completing their military obligation and after becoming trained for various tasks, would continue on a contract basis. We would thus ensure effective use of these technically and electronically demanding systems, on which these soldiers were trained, and make it possible for these systems to easily perform in armed combat in a manner consonant with their technical capabilities. After the law is adopted, it will be necessary to adopt a whole series of ancillary acts and systemic solutions that will specify who these soldiers are, for how long a time we would accept them, under what financial terms, where would they be housed, and what rights would they have. Only then will we know what the response is, and what the specific circumstances and problems with contract soldiers are.

Regarding the training of women, we have concluded a three-year trial period. During this trial period, we tested the possibilities for the military training of women for armed combat. The training took place in special women's units. We in the LMD have tested such service and training in communications systems and quartermaster service. The main feature of the system was that women volunteered for such training in accordance with certain criteria. The three-year period has shown that it would be difficult for the volunteer system to meet the needs, because the response was not sufficient and we could not use this system to ensure that the entire female population is trained for certain combat tasks. As far as relating to and commanding these women are concerned, I can certainly say that their approach to training was exceptionally serious and conscientious, and that they achieved good results in the technical areas. This trial period has also demonstrated that it is necessary to make appropriate changes and additions in the system of training in order to essentially ensure the constitutional right of all women to participate in the defense of the country and to train for that. There have been a great many discussions on how to go on with the system of training, both here at the level of the LMD command, in the republic secretariat for territorial defense, in other social bodies, and at the federation level. The Yugoslav presidency has been informed of the entire problem, regarding which there have been proposals, but the final decisions have not yet been made. The essence of the future decisions, however, will be that training should take place on a substantially broader basis than in the past, that most of the training should take place in the socio-political communities, in schools, in work organizations, and everywhere where women live and work. For certain special services, and especially for senior reserve officers, the training will probably have to take place in the YPA and Territorial Defense military schools and training centers or else in the YPA units. We expect that it will be possible to answer all these questions in the summer of 1986. We will then, in accordance with the decisions that have been reached, approach the organizational, financial, and personnel preparations, in order to implement this in a systematic manner. This is all I can tell you about this matter.

[Question] The stabilization of the economic situation is the priority of the moment. We are interested, for instance, in what specific ways is the LMD involved in these efforts and mainly in how its incessant demands for more and more complex military technology and equipment are being harmonized with the current financial situation?

[Answer] You see, the adoption of the long-term economic stabilization plan and the decisions from the 11th session of the LCY [League of Communists of Yugoslavia] Central Committee on the implementation of that plan have placed us, YPA members, under an obligation to incessantly initiate, encourage, and evaluate activities related to the plans for spending, to economize and rationalize, and to have the YPA act in the spirit of those postulates more and more, as much as possible. We are approaching these instructions in a planned and organized manner with the active participation of all personnel, from the soldiers' collectives and the LCY and ASYS organizations to the command authorities, which have the most responsibility in this regard for organizing and adopting suitable organizational measures. The results

achieved by the LMD members every year confirm that stabilization conduct has indeed become our style of work and an integral part of the performance of all of our duties. We feel that the greatest contribution to stabilization is to have every dinar that is spent reflected in greater effectiveness and overall combat readiness and preparedness of the units and individuals. Furthermore, the effects of stabilization in the LMD manifest themselves in certain other areas. This is true primarily in the areas of saving energy, cooperation with the population, assistance to the socio-political organizations and socio-political communities, in work done on our own projects, and in our efforts in food production and other types of production that we are trying to develop. In all these areas there are specific indicators of economizing and of concrete results that have been achieved. Let me cite a few things in support of this: in cooperating with the society, so to speak, with the socio-political communities, the opstinas, and others, we have in 1985 built 8 kilometers of roads and repaired approximately 23 kilometers, built approximately 13 kilometers of aqueducts and dug approximately 15 irrigation ditches; members of our units have dug approximately 60 kilometers of trenches for the Post, Telephone, and Telegraph [PTT] telephone cables. In this regard, we feel that the most important task, done in cooperation with the PTT and other work organizations, was finishing the central coaxial cable which, as you know, in Slovenia runs in two main directions. In nine months of this year the members of the LMD have spent a number of work days assisting the socio-political organizations and socio-political communities. Our orientation toward our own projects, such as repairing housing and various service installations such as laundries, cleaners, and service stations is also very significant. We estimate that this construction was approximately 45 percent less expensive than it would have been had it been done by work organizations. Our efforts in food production are truly an important item in saving dinars. In only nine months of this year we have produced approximately 230 tons of meat, approximately 116 tons of vegetables, and approximately 200 tons of grain, and we have prepared the wood necessary to heat our units. We have prepared most of the hay for our livestock, lest we would have to buy it. There are a number of other indicators which point out that we have achieved important results in this area. In addition, we are also developing and cultivating certain other activities and we are concerned with new procedures for maintaining and modernizing technical equipment. We have extended the useful life of batteries, which were in critical supply on the market, discovered a way to better maintain tires on vehicles, we have implemented a number of new procedures for storing weapons and taking them out of storage and thus accelerated this process and at the same time ensured greater stability of weapons and stored equipment, etc. We estimate that this year all the activities and savings that we will implement in the LMD will amount to around 7 or 8 percent of the entire amount allocated to us for the year.

Along with all this, I especially wish to emphasize that all these stabilization efforts have had no effect on the quality of training. We are employing the soldiers in these tasks only and exclusively after they have completed their training. As you know, the length of training in the YPA varies, and it lasts at most 5 months and 22 days. During that time, the soldier acquires the basic knowledge necessary for combat. Only after that is he assigned to

a unit for maintenance, prevention, etc. We draw from this contingent to ensure the minimum number of troops necessary to perform these tasks, and they are mainly agronomists, veterinarians, and various experts.

In addition, certain civilians are regularly employed in these areas, such as veterinarians, agronomists, and tractor drivers. Large numbers of troops are used only on special occasions, such as when the harvest needs to be put away or gathered; at those times we involve large number of troops, and our activities of that type are done in addition to other things and have no direct influence on the training and combat readiness of the units; still, it is important because it contributes to decreasing the overall cost of living and doing business in the YPA. In all of this, we are directly striving to have the society allocate as little money as possible for the armed forces. These then are some of the results we have achieved in the area of savings and doing business economically.

[Question] Because of the YPA's specific social position, the relationship between it and the news media is more and more complex. Military and defense interests dictate a system of military secrets, while on the other hand the responsibility of the news media for continuing to develop the socialization of All People's Defense is quite great. We are interested in your opinion on how it is possible to harmonize these, at times seemingly opposite interests. Within this context, we would like to pose some additional questions. Abroad and in Yugoslavia peace movements are acquiring more and more public attention and influence. How do you think it would be possible, in the relations between the army and these movements, to bridge these two apparently totally unbridgeable sides?

The initiative for a so-called "agreement of conscience" has been around for some time also in the OZN area of activity. What is your position on the possibility of doing military service in such a designated civilian service?

Lastly, we would like to ask you quite specifically what steps the LMD command is taking to correct the well-known fact that the number of the members of the Slovene nationality going into active YPA service is small.

[Answer] With your permission, I would like to spend some time on this question. According to our views, informing the public about the armed forces is an integral part of real socio-informational activities. As much as we are apt to talk specifically about information on the work and activities of the armed forces, we are doing this in order to emphasize the reporting in accordance with the specific defense interests of the state. The importance and purpose of reporting on the Yugoslav armed forces stem from constitutional stipulations and the social significance of the armed forces as an important social activity. When the news media report on this aspect of social activity, they must do it very responsibly and in a manner that will help to create and strengthen an ideological and action-oriented public opinion which is consonant with the concept of All People's Defense and which will help in strengthening our overall defense and protection system. In this regard, the news media are not isolated, they are part of

the society's system. In this regard, all the principles and guidelines pertaining to reporting on the armed forces are valid, just as is the case with other segments of our society. The only stumbling block to reporting is the institution of military secrets, which quite frequently causes certain errors and misunderstandings. The institution of military secrets has been established and specified by law, and is respected to the extent that it affects the security of the state. We are thorough in searching for the best ways to reduce its scope and to bring it into the most restricted framework possible.

In our past dealings with the news media in Slovenia in regard to informing the public of the activities and work of the LMD members we have had no substantive complaints. Of course, I am referring to planned and organized reporting, which is when the journalist knows what he is writing about and why he is doing it, and he approaches it in accordance with the usual reasons for reporting. When they are understood to be necessary, military secrets are usually not an obstacle to objective and complete reporting and usually they do not prevent the process of the socialization of defense and protection activities. Our barracks are always open to any well-meaning journalist, and we are willing to talk and explain things. We are convinced that in this regard our army is the most open in the world. This openness comes about naturally, and it stems from the army's popular and class nature, from its social essence that was developed during the National Liberation Struggle, from all the nationalities and national minorities and, considering the specific circumstances of people under arms, it represents the socialization of the army. In this context, we are part of the armed people.

When, in noting the social role of our armed forces, one for whatever reason, forgets the essence of their social being, then one can indeed equate the role of the armed forces in our society with the social role of the armies in bourgeois societies. The roles are not at all the same, and this fact must always be present in all the news media, otherwise we would view the armed forces as an independent center of social power, struggling for its own specific interests. We, on the other hand, have no specific interests of our own. Such views and misunderstandings have also resulted in certain articles with no substance, published specifically in your journal, Mladina. These articles supported certain groups and individuals advocating a revision of the military service. In our view, this could easily have a negative influence on young people, who could adopt such an attitude toward the army and its constitutional role. What these authors have claimed to be the principles guiding men under arms has no foundation either in Marxist theory or in the current world situation. At a time of exacerbated economic difficulties and a certain closing off of republic and province boundaries, the YPA is more and more frequently becoming the target of various nationalist, anti-socialist and antiself-management forces. These forces are especially bothered by the YPA's all-Yugoslav nature, the fact that it nurtures and broadens brotherhood and unity and an all-Yugoslav socialist patriotism. They are attacking it primarily because the YPA, by its nature, is one of the cohesive and stabilizing factors in Yugoslav society. Since their goal is to break up the society, they must first break up those elements that have a cohesive influence on the stability and the all-Yugoslav nature of the

society. In our view it is not strange that there are such divisive views among individuals and groups, because this is natural and not against the law. We must become concerned, however, when these elements are given expression in our socialist news media. In this regard, the social bodies and organs in the newsrooms and editorial offices must take greater responsibility, because they, like us, have dedicated socialist people, who are struggling for our self-managing society. I think that tendentious and sensationalist articles with no substance, which appear here and there, do not contribute to keeping the working people and members informed about the armed forces in an objective and timely manner, nor to the strengthening of their combat readiness. It is as if some people cannot understand why the YPA opposes various divisions, manifestations of disintegration, and narrow interests. Those people seek scandals, overgeneralize the basis of specifics, reprint articles from foreign journals, and assist those forces that would like to question all the values of our revolution and that dream of having the society, in both domestic and foreign policies, go in a different direction.

Of course, we feel that an appropriate critical approach is part of objective reporting on the army. We ourselves are struggling against various embellishments and attempts to gloss things over. We must, however, endeavor for objective criticism which improves things, instead of degenerating into criticism for its own sake and the worst kind of opportunism. These are some of our principles and views regarding reporting on the armed forces.

Regarding the contribution of the peace movement and our attitude toward it, I personally feel that Yugoslavia's nonaligned and peaceful policy, and its principles, including the concept of All People's Defense and social self-protection and, within that concept, the armed forces as one way to arm the people, are the best contribution to a peace movement. We must not oversimplify and compare and equate the goals of the peace movement in Yugoslavia with those of some movements in certain capitalist and bureaucratic countries. Since our country is nonaligned, all of its policies are oriented toward peace, against interference and bloc divisions, against all types of crises, etc. Within the framework of such Yugoslav policies, it is easy for each individual to contribute to the strengthening of those policies and forces that are struggling for peace. It follows that certain separate peace movements that are outside the SAWPY and LC platforms probably differ from our overall Yugoslav policy.

I also wish that the news media would report, in a reasoned and well-meaning manner, on the real and comprehensive results achieved by our defense and protection system and armed forces, and on their endeavors for peace. They discourage aggression and give security to the state. We feel that almost all the news media perform this role correctly. As you can see, there are no opposite interests or unbridgeable shores, and we must not permit the incorrect understanding of individuals and groups to obscure the fundamental policy and basic traditions and goals of the revolution. In our opinion, we must all continue to endeavor and struggle together to have what is said publicly reflect, in a truthful and honest manner, the efforts and conditions of the society as a whole and of the armed forces in a manner that would



affirm the positive and defeat the negative; what is said publicly must rise to meet the requirements of the moment and be ideologically consonant with the LCY course and the policies of Comrade Tito.

Regarding an answer to the question of military service in what is popularly called civilian organization, the question demonstrates a certain basic misunderstanding. In the YPA, the soldier is trained for combat. He cannot be trained for that by serving as a firefighter or in some other organization. Combat is conducted according to certain principles, with certain means, against an estimated enemy, and in specific places; all of which has its own characteristics. If we view matters in this way, I cannot see which organizations could train a soldier for combat in one year, or where these organizations are. Such training is the reason for entry into the YPA.

We feel that an equal national representation among the senior officers in the army is an exceptionally important ideological and political question, since the YPA is the army of all the nationalities and national minorities. If the nationalities are not appropriately represented in it, it fails in a fundamental aspect. It is a well known fact that that number of young men from Slovenia applying to the military academies and schools is never large enough. I can tell you readily that the response is insufficient and that the percentage of YPA senior officers of Slovene nationality is not commensurate with percentage of Slovenes in Yugoslavia. We think that this is wrong.

The LMD command has, in cooperation with the coordination committee for encouraging the youth to enter the military and defense professions, and with other republic organs and organizations, initiated a number of specific actions to improve the situation. With these actions, we wish to acquaint the young with the profession of the military officer, and to present that profession to them as well as possible, with all its good and bad aspects. To that end, technical assemblies have been organized in all the barracks and garrisons to be visited by high school and elementary school students, and topics are being prepared to be presented during days dedicated to presenting information on defense. In addition, groups of young Slovene officers (as well as others, of course) have been organized, to visit schools and inform the students about the military profession. We have at our disposal suitable films, which are a good aid in this kind of work. We are encouraging the news media to cover topics that describe as objectively and completely as possible the various military occupational specialties and thus present the military profession to the young people and other citizens. There have also been certain television programs devoted to the scientific and research work in the army, and we feel that there have been especially effective presentations during the parade and during certain technical meetings that we had organized.

We feel that the news media, primarily those aimed at the young, and above all your journal, should contribute to the presentation of a more complete picture of the position of a military officer; not only of the position, but of everything that is necessary to induce more Slovene youths to apply to the military schools.

[Question] The young account for most of the YPA's makeup. For that reason, their organizational links are probably even more important, as is their cooperation with the area in which they are serving their military duty.

It is also known that in the past some leaders of the republic youth organization and the LMD command have held differing views on certain issues and concepts pertaining to the All People's Defense concept. We are interested in how you view current cooperation, both with ASYS republic conference and with the ASYS opstina conferences.

[Answer] I think that these misunderstandings involved some of the leaders... that this question really was not formulated in the best possible manner. Members of the LMD were not involved in a dispute with the leadership of the ASYS republic committee. We did not agree with some evaluations and positions and also with some individual leaders from the ASYS republic committee, because those evaluations and positions were at variance with the LC's programmatic orientations when they questioned the feasibility of All People's Defense concept in social communities and also certain other issues that I have already mentioned. Here I must reiterate the following: in the future, we will no longer disagree with such positions, regardless of who presents them, a youth organization or some other group. It is also known that the republic committee of the SAWPY and the central committee of the LC of Slovenia have condemned the above positions and evaluations as unacceptable or at least utopian. The fact is that relations between the LMD members and Slovene youth at all levels have been developing successfully for a number of years. This is especially true at the opstina level, at the level of high schools and elementary schools and among youth organized at the level of work organizations.

In our view, right now there are no problems that could burden these relations and render them more difficult. As far as the LMD members are concerned, in the future we will take various initiatives and give encouragement to further develop this cooperation. We feel that this is exceptionally important, since we are all working together to enhance our country's defense capability.

9110/12948  
CSO: 2800/124

MILITARY

YUGOSLAVIA

BRIEFS

SWEDISH RADAR SETS ORDERED--Ericsson Radio Systems AB has received an order worth 250 million kroner from Yugoslavia. Ericsson has already started to deliver the radar equipment. The firm received the order already a year and a half ago, but at that time promised Yugoslavia not to reveal anything regarding the deal. Radio Sormland [private local station] learned about it when Ericsson was testing the equipment on a Yugoslav military vehicle at the P 101 base in Strangnas. The radar sets are not classed as war materiel. They are to be used by the national police and Coast Guard. [Text]  
[Stockholm DAGENS NYHETER in Swedish 22 Feb 86 p 10] /12913

CSO: 3650/150

POLITICS

INTERNATIONAL AFFAIRS

SLOVENES DISCUSS ALBANIA'S RELATIONS WITH BLOC, WEST

Ljubljana TELEKS in Slovene 28 Nov 85 pp 28-29

[Article by Janez Stanic: "Albania and Its Wooers: Tirana's Remains Firmly Closed to Moscow while Its Door Opens Somewhat in Other Directions"]

[Text] 29 November is the most important Albanian state holiday--it is liberation day. This year's jubilee 40th anniversary celebration was the first without Enver Hoxha who, for a full four decades, had led this country and left his own unique imprint of extraordinary ideological and political exclusivity and, when measured by our contemporary, and especially European, yardstick, truly unusual reclusion and suspicion regarding the outside world and everything foreign. It is therefore completely understandable that after Enver Hoxha's death--he died in the spring of this year--foreign countries have monitored rather carefully the internal situation and events in Albania and also its foreign policy, because everybody is strongly convinced that one should expect numerous changes in Albania's policy, even though it is not necessarily so or even likely that such changes will be quick and dramatic. Nonetheless, Hoxha's policies of total reclusion, isolation, and ideological and political extremism have encouraged internal resistance and conflicts even while he was still alive, and it is certain that these policies have led Albania into a blind alley as far as economic and social development is concerned.

The state holiday is also a formally convenient excuse for the Albanian leadership to tell the people at home and abroad something about its views and goals, including those pertaining to foreign policy, and to drop a hint, make an offer, or make its interests known in the context of appropriate commentaries or obligatory polite congratulations on the part of other statesmen. This has been going on with Albania for several years now, especially since the dispute with China in the late 1970's. Eastern Europe, headed by the Soviet Union has more than anyone else made it a mandatory practice to publish, year after year, suitable articles and editorials on the eve of 29 November, without criticizing Albanian policy at all, and only taking note of the former times of friendship and cooperation between Albania and the other members of the "socialist community"; this--it is dutifully emphasized--was useful to both sides, especially Albania. These seasonal recollections of the "golden times" are always followed by offers for a new normalization of relations.

## Yearly Soviet Offers

Each year, the Soviet Union has been most persistent and consistent in these endeavors, which is completely understandable because the Soviet Union is also strategically and politically most interested in returning to the fold a lost sheep that was at one time a faithful member of the Warsaw Pact and the Council for Mutual Economic Assistance (CMEA). Ever since Albania's dispute with China, it has been completely clear that Soviet political analysts feel that Albania will not be able to indefinitely maintain its almost total reclusion and isolation and that it is a matter of time when it will be forced to begin to open up. With Hoxha's death, one of the most important preconditions for the possibility of changing Albania's policy came about, and one could be certain that the Soviet Union would attempt to take advantage of the new situation.

This came to pass. In the few months since Hoxha's death, Moscow has more than once offered Albania a normalization of relations, and in the days before the Albanian state holiday offers of this type had become more pronounced and even intrusive. For example, the prominent Soviet foreign policy weekly "Novoye Vremya," which is intended particularly for foreign countries and is therefore published in numerous foreign languages, published in 8 November a lengthy article which described in detail how the Soviet Union had always supported the Albanians' strivings for their own state and independence, how it had opposed and condemned the Italian occupation of Albania during the Second World War and how it had begun, even before the end of the war, to assist the new authorities in Albania diplomatically and politically and, soon afterward, militarily and politically. After a detailed presentation of how advantageous and useful it was, especially for Albania, to cooperate with the Soviet Union, the article suddenly ends with a laconic and very clear offer, which somehow manages to sidestep the entire period of disputes and conflicts to date: "The fruitful Albanian-Soviet cooperation, however, was interrupted at the beginning of the 60's. The Soviet Union is consistently advocating a normalization of relations with the People's Socialist Republic of Albania, which would be in the interests of the Albanian and Soviet peoples, peace, and socialism."

The next day, IZVESTIYA, a publication of the Soviet government, ran a very similar article. The apparent occasion for both articles was a certain anniversary to which the Soviets had not paid any attention earlier: namely, it was on 10 November 1945 that the Soviet Union had recognized the temporary democratic government of Albania and established diplomatic relations with it. It is evident that this year Moscow wanted to place special emphasis on its willingness to normalize relations, and wanted to do so before 29 November, which is when all the other appropriate offers will arrive to Tirana from the other European capitals.

The Soviet Union has also revived the Soviet-Albanian Friendship Society, which held a special session on the anniversary in question. News agency TASS has reported on it, and it has noted the following in its report: "During the discussion, it was emphasized that the Soviet people nurture feelings of friendship toward the Albanian people and they follow with

sincere sympathy the self-sacrificing task of building socialist Albania; the conviction was voiced that the establishment of normal relations between the Soviet Union and Albania would be in the interests of peace and socialism."

It is not at all necessary to specifically point out that similar offers are coming also from other East European capitals. They are different only in that they do not advocate a normalization of relations, since Albania maintains normal diplomatic relations with the other members of the Warsaw Pact --and with some it even has comparatively well developed trade; instead, they advocated broader, more substantive, and more comprehensive cooperation. Stated briefly, the entire Soviet bloc has opened its door wide for Albania and is inviting it in, without posing ideological, political, or any other kind of conditions. This unconditional wooing indicates a great deal of interest.

And what is Tirana's Response to all this?

On 16 November, the Albanian party newspaper, ZERI I POPULIT published a long article devoted to Enver Hoxha's struggle against Soviet revisionisms, and at the same time it clearly described the Albanian leadership's stance vis-a-vis the Soviet Union. Among other things, the article said the following: "Our party has always emphasized that the struggle against modern revisionism, above all against modern Soviet revisionism, is not yet over. This is a long struggle that will go on and continue without interruption for the good of Marxism and Leninism, revolution and the peoples. The Albanian Party of Labor is firmly committed to wage this struggle with undiminished consistency and to bring it to an end.

#### The Door Remains Closed

Regardless of the changes in the Soviet leadership, and regardless of who is in power in the Kremlin, the Soviets remain revisionists in their ideology, imperialists in their policy, enemies of Marxism-Leninism and the peoples; the Albanian party and the Albanian people will never reconcile themselves to this. Our party and state position on Soviet socio-imperialism, as well as on American imperialism, on the two superpowers which are responsible for suffering and poverty and which interfere in the affairs of other peoples and threaten the world with nuclear weapons, is crystal clear. As the First Secretary of the Central Committee of the Albanian Party of Labor, Comrade Ramiz Alija, said: "Albania did not have nor will it have any relations with the United States or with the Soviet Union. Our country was and remains resolutely opposed to their exploitative, expansionist, and aggressive policies."

The position is indeed "crystal clear" and it does not leave open even a crack for the Soviet Union (or for the United States) for any kind of rapprochement. Another (and not uninteresting) question is, to what extent is such an unappeasable position the result of joint persuasion and discussion in the Albanian leadership, and how much it is the personal work of Ramiz Alija, who for a quarter of a century has been the chief ideologue, creator, and spiritual father of Hoxha's ideological war against the Soviet

Union and other socialist countries. Ramiz Alija's personal involvement in this is exceptionally great, and it is therefore unlikely that someone else would be permitted to voice objections against the Soviet Union. While this unusual, even controversial, conduct may stop at a later date, for now, however, the "crystal clear" position holds true: "We will have nothing to do with the Soviet Union."

The changes, as much as it is possible for one to spot them, are directed elsewhere--toward the smaller member countries of the Warsaw Pact. Albania is not so uncompromisingly hostile toward them, and it does not treat them all the same. It is quite friendly with Romania, and it has some trade with East Germany, Hungary, Czechoslovakia, and Bulgaria; recently, that trade has been increasing. Here, one could speak of the appearance of doors that are less tightly closed than was the case in previous years.

A much wider fissure toward the outside world can be noticed insofar as the West European capitalist countries are concerned, which appears to run contrary to Tirana's ideological hostility. That hostility, however, is only apparent. In reality, the Albanian leadership feels that Albania's independence is more threatened by the East, because the East is directly interested and its appetite is greater. For that reason, in resolving its main problem--economic survival--Albania on the whole turns more toward the West. Economic autarchy is Albania's credo, and it is a heavy burden. Hoxha's policy of almost total isolation has impoverished the country. Furthermore, Albania has exhausted its modest industrial resources, chiefly because of its refusal to cooperate with other countries. The factories, built with Soviet and later with Chinese help, are obsolete, there is a lack of spare parts and equipment, and many have been idle for years. The way out of this blind alley is possible only through cooperation with other countries.

#### Always Better with Greece

The main points of such cooperation are Greece, Italy, West Germany, and Great Britain (and Yugoslavia--but more about this later). Relations with Greece are changing the fastest; for years these relations were burdened with border incidents, Greek complaints over the treatment of the Greek minority in Albania, and not least by the fact that formally the two countries are still at war. This year, the socialist government in Greece took steps to end the state of war, and at the same time there was a revival of cooperation in various areas. Since 1981, trade has been constantly increasing, and next year the two countries will conclude a new trade agreement from which they both expect a great deal. In mid-November of this year there was a meeting of the mixed committee at which tourist cooperation was discussed; in a short while, negotiations will begin regarding joint exploitation of the river Aos, Sarantaporos, and Drim, which flow along the Greek-Albanian border, Greece is also the only country to have a regular weekly air connection with Tirana.

Italy and France (especially the former) were at one time Albania's traditional partners, and continue to be that to some extent, although on a much smaller scale than before. Here, the door opened an inch. In addition to a

trade agreement with Italy, an agreement was signed on joint oil prospecting in the Adriatic and on cooperation in the area of communication technology. As far as France is concerned, a trade delegation led by deputy foreign minister visited Tirana in September of this year. This was the first French state visit to Albania.

Best developed are economic relations with West Germany, even though Albania does not have diplomatic relations with that country. The stumbling block is the Albanian demand for the payment of war damages amounting to approximately three billion dollars. Periodic indirect negotiations on this have failed to produce results until recently when, in direct meetings, Albanian and West German representatives have, or at least they claim to have, found a way to a compromise. Albania is not demanding payment of war reparations in money any more, and is not quoting amounts; instead, it expects West Germany to "make it up morally" in the form of industrial equipment and technical know-how. This might be acceptable to West Germany and a possible agreement would certainly revive trade to a large extent, which right now amounts to at least 30 million dollars.

Something similar is taking place with Great Britain. In October 1946, two British destroyers ran into mines in the straits of Corfu; one sank, the other suffered major damage, and 38 British sailors lost their lives. Great Britain maintained that the mines were laid by the Albanians, it sued Albania at the International Court in the Hague, and the International Court ordered Albania to pay 2.4 million dollars in damages. Tirana, however, resolutely denied any wrongdoing, maintained that the mines had been there from the war, and refused to accept the verdict from the Hague. This led Great Britain to confiscate two and a half tons of gold that the former King Zogu had deposited in Italian state banks. From that time, Albania has been demanding the return of that gold, which became and continues to be the main obstacle to relations between the two countries. This year, Tirana announced for the first time that meetings with the British had been arranged in order to discuss this issue. This could therefore be interpreted as a sign of opening up and requesting cooperation.

There is no doubt that Albania desires this, or to put it more precisely, needs it. All these connections are still modest, limited to short term changes, which must be negotiated every year with each partner separately (for instance, the Albanian constitution prohibits taking out foreign credits), and is based on those capabilities in raw materials and production that Albania already has available. This is primarily chrome (Albania is the second largest exporter of chrome, after South Africa), copper, gasoline, pyrites, nickel, tobacco, and food.

#### Tangled Relations with Yugoslavia

It is certainly of special interest to us how much this apparent and restrained opening up affects Yugoslavia. Our relations are certainly exceptionally complicated since, on the one hand, both states are interested in each other's independence and autonomy because this is directly tied to their international position and security and, on the other, their necessary



coexistence is burdened with every intense historical, ideological, nationalistic, and other difficulties. These difficulties are so intense that, viewed soberly, it is not possible to expect any quick or spectacular reverses.

In the last few days, weeks, and months, however, we have noted certain events that indicate certain shifts. For example, a Yugoslav trade delegation, led by Federal Secretary for Foreign Trade Milenko Bojanic, visited Tirana in mid-November. On 16 November, a trade agreement was signed for the 1986-1990 period, as well as a protocol on trade in goods and the method of payment for 1986.

According to that agreement, the two countries will during the next five-year period exchange trade valued at 680 million dollars, which is 20 percent higher than in the previous period. Yugoslavia will (as before) export to Albania machinery, equipment, chemical products, non-ferrous metals, and certain consumer goods. It will import from Albania chrome, electricity, chemical products, tropical fruits, food, and tobacco. The value of this year's trade will amount to approximately 100 million dollars, and it will be 25 percent higher than in the previous year.

As far as Albania is concerned, the railroad line from Tirana, through Scutari to the Yugoslav border, will be of exceptional significance. This line is almost finished on both sides and it will soon begin to operate. With this line, Albania, which until now had only one line from Durazzo on the Adriatic to Tirana, will be included in the European railroad network. This will be through Yugoslavia, which is Albania's natural geographic route to Europe. Because of the existing political relations, however, this "normal situation" is something exceptional.

An exceptional circumstance, that has been viewed abroad as something worthy of a sensation, is also worth mentioning: recently, two Albanians from Kosovo fled to Albania. Moreover, they fled from prison, where they were serving lengthy sentences because they had set bombs in Pristina. The Albanian authorities caught the escapees and returned them to Yugoslavia. While we could say that Tirana has no intention of becoming a haven for its terroristically minded compatriots from Kosovo, and that it has therefore acted in accordance with its own interests, one should still note that it would have been easy to get rid of the unwanted quests in another way, and that for that reason their extradition to Yugoslavia should be taken as an act of good will. Lastly, we should note a minor thing that certainly fits into this pattern, namely that, after a long time, a Yugoslav journalist, a correspondent of the Belgrade NIN, was allowed to visit Albania and write about it.

Consequently, something is undoubtedly shifting in this regard. It would seem, however, that it is too early to tell what it is.

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POLITICS

BULGARIA

## REPORT ON PROCEEDINGS OF ANTONOV TRIAL

### Prosecutor's Summation

AU202131 Sofia BTA in English 1900 GMT 20 Feb 86

[Text] Rome, February 20 (BTA special correspondent Nencho Khranov and BTA correspondent Khristo Petrov)--Prosecutor Antonio Marini's summation before the Rome Court of Assizes, which is examining the case of the papal shooting, entered into its seventh day today. Every following court session is increasing the audience's awareness of the fact that the prosecutor has not set before himself the task to analyze the facts that have been brought to light and prove during the court proceedings, but rather that he has seen it fit to deliver a political propaganda essay inspired by anticommunism. Mr Antonio Marini is no mere follower of investigating Magistrate Ilario Martella's line but is also adding to it his own contribution to the strengthening of the "Bulgarian connection."

The cornerstone of this trial is everything said by Agca and confirmed by the objective elements of this trial. This is what I have to say," roared Rome's deputy prosecutor general. However, during the last seven months all present in Foro Italico have witnessed the complete moral and juridical defeat of the slanderer Mehmet Ali Agca and his coaches.

Mr Marini has his trump which he produces at every session while reading his summation: Valcin Ozbey's testimony. The prosecutor used it again as his heavy artillery today. Why? "Ozbey has been the only voice, besides Agca, to speak about the Bulgarian secret services' involvement," said the prosecutor. He is right, but only Ozbey himself changed his testimony several times while giving it and finally admitted to having lied. He was compelled to repeat everything said by the witness Catli in respect to the 500,000 dollars reward offered them in exchange for their backing Agca's lies.

The prosecutor totally neglected this and even quoted quite arbitrarily from the perjurer Ozbey's coached statements. This witness has never spoken of concrete facts or persons, of personal impressions, but has rather referred to stories told to him after the attack by third parties. These stories were refuted before the court by Kadem and Catli (Celik's close friend), who called the "Bulgarian connection" a fabrication.

The only thing that Mr Marini squeezed out from Ozbey was a general statement that the Bulgarian secret services had shown an interest in the assassination but later on lost this interest and deserted Agca and his pals. Mr Marini did not specify when this interest had been lost. Thus even at this point Ozbey could be of no use to the prosecutor.

He was reduced then to listing hints, conjectures or references to witnesses who have not been questioned in court or who are directly linked with the U.S. Central Intelligence Agency.

The prosecutor's picture was all too elementary. The "Grey Wolves" needed money, and they were promised that money by the Turkish Mafia through Celenk, who in turn allegedly put them in touch with the Bulgarians. The counsel for the prosecution cited an argument between Agca, Celik and Catli in Turkey about the target of attack: Whether the head of the Catholic Church or the patriarch of the Armenian Church, the decision to kill the Pope prevailed--because it was in the interest of the Eastern countries, to undermine Poland's Solidarity." But when did it happen? In 1979. It was then that the Mafia allegedly helped Agca escape from the jail in order to recruit him for the assassination plot. But, as is known, there was no Polish crisis in 1979, and Solidarity was still nonexistent. [sentence as received] This question, however, was not at all addressed.

All arguments of the prosecutor concerning the "Bulgarian connection" boil down to a single complaint: that it is a crippled trial because the prosecutor has requested the questioning of a number of other witnesses and the carrying out of a number of procedures other than the ones conducted, but his requests have been rejected.

Marini made one quite significant admission: "While in the other direction (meaning the 'Grey Wolves' track) there are so many facts that Celik's guilt is undeniable, in this direction (i.e. the Bulgarian connection) we are left only with the voice of Agca."

In order to prove the prosecution case, Prosecutor Marini took recourse to many words and few arguments, to constant repetitions which were intended to supersede the analysis and the rationale and to thrust his conclusions on the courtroom. It is precisely because of his verbosity that the prosecutor asked for a second extension of the time limit set to his summation. He did not only fail to keep his promise to wind up in four or five hearings, but even requested that the second deadline be moved. He was due to be through by this week's end, and now demanded two more hearings to complete his final arguments: on next Tuesday and Thursday [25 and 27 February]. This will automatically delay the completion of the trial.

The next hearing will be held on Saturday [22 February].

Summation Continues

AU252150 Sofia BTA in English 2052 GMT 25 Feb 86

[Text] Rome, 25 February BTA Correspondent)--The nearer the prosecutor comes to the end of his summation, the more obviously he demonstrates that his mission at this trial is to defend the slander encoded as the "Bulgarian Connection," to create around Agca the halo of credibility, to conceal and manipulate with the hundreds of facts and testimonial evidences which expose the slander and its authors. [sentence as received].

"Antonov's alibi for 13 May 1985 does not stand and has not been confirmed by the documents in the trial," stated the counsel for the prosecution. According to him, Antonov and the other witnesses (Bulgarians and Italians) have made changes in the testimonies they had given to the investigating magistrate. They had said in the beginning that Rositsa Antonova had been in Rome at the time but had then recollected that she had left for Bulgaria five days earlier than the said date. Here the reference was about the fact that in the afternoon of 13 May 1981 Antonov had not left the Balkanair office but the testimonies to this effect had never been modified by anyone. There are witnesses, like the Italian Pietro Parisi for example, who has never spoken about Rositsa Antonova's presence in Rome, thus exposing Agca's slander. If someone has in fact changed his testimony in respect to the said afternoon, that person was Agca himself. The assailant had claimed that Antonov had been with him in St. Peter's Square until 5 pm but after learning about the witnesses' testimony he moved the timing forward by one hour.

A second mystification presented by the prosecutor: "Antonov's presence in the Balkanair office is not confirmed by Antonia Popkrusteva's phone call since she could not have seen 'Scenes' from the shooting on television as these had been transmitted at about 7 pm," claimed Marini as Magistrate Martella had done earlier. Antonia Popkrusteva is the elderly mother of one of Balkanair's women employees who had seen the T.V. broadcasts and had immediately phoned the Balkanair office, accidentally getting in touch with Antonov. This had happened immediately after the assassination attempt at a time when according to Agca the Bulgarian employee had been waiting for him in a car close to the site of the shooting. Very much like Martella, Marini now claimed that television had still not broadcast "scenes" from the shooting at that time. However, "LA STAMPA" of 14 May 1981 carries a report from an Italian TV studio which reads: "A few minutes after the attack, RAI transmitted an extraordinary TV news bulletin simultaneously on the first and second channels. This was a very quick reaction which has almost no precedents."

A third mystification by the prosecutor: "Antonov is even now in good health but he refused to stand the interrogations, and besides, his predecessor to the post has been expelled [as received] from Italy," stated the prosecutor. In this case he surpassed himself in his characteristic twisting of facts. There are the most authoritative conclusions of highly qualified professors of medicine, who had examined the Bulgarian upon the request both of the defense and judicial authorities, but the prosecutor never bothered to discuss them. Instead he repeated the lie about Antonov's predecessor, expelled from Italy. [quotation mark as received] The said person is called Pencho Rusev and has never been expelled by the Italian authorities, which could easily be checked.

Fourth prosecutor's mystification: "the trip of Rositsa Antonova has not been corroborated and that means that it does not exist," continued the prosecutor. There are witnesses and documentary evidence and confirmations for the trip and they are not only from the Bulgarian side. Rositsa Antonova had left Rome on 8 May 1981, and together with the family of Donka and Kosta Krustevi, in their car, she had passed through Italy and Yugoslavia to reach Sofia on 10 May--Exactly on this date Agca had alleged that he had seen her in the apartment of Antonov in Rome. Apart from the evidence of a number of witnesses, this fact was corroborated also by the documents reflecting Rositsa Antonova's spending of the night in the "Motel Tourist" in Yugoslavia.

Fifth prosecutor's mystification: "Antonov had said that he had been in Milano during October or November 1981, but he could have been there during the same time in 1980, when Ali Agca and Harun Celik (the name of Oral Celik in his false passport--Corr.'s note) had stayed in that town," assumed the prosecutor. Proofs? None. But after Agca had shifted Antonov's "presence" in St. Peter's Square with one hour, why should the prosecutor bother for one year?

Sixth prosecutor's mystification: "Agca had not been masterminded because he had identified the three Bulgarians on the photographs. These photographs had been numbered and distributed in an album, but the investigating magistrate had the right to do this and it is only in police departments where the arrested are shown a heap of unarranged photographs," shouted Marini. And this was said by a magistrate who boasts with his great experience! There is nothing more proper for him than the showing of an album to a criminal, with photographs of Bulgarian citizens only, numbered from 1 to 56, and then saying to this criminal: "Well, now you should identify who are those Bulgarians on photographs No. 1, 2 and 20." And Agca "identifies" them. Unfortunately he had said that Zhelyo Vasilev was rather taller than Todor Ayvozov. Just the opposite is true, and the difference in their height is 20 centimeters, but it does not appear on the passport pictures, which have been shown to Agca. Naturally Marini does not fuss over this "trifle."

Seventh prosecutor's mystification: "The plan for attempt on the life of Lech Wasesa, described in detail by Agca, concerns this trial as well, because he had come to Italy as early as November 1980, while the assassination attempt against the Pope had taken place as late as next year's spring," said Marini effusively. Marini got beyond Martella with this. Because the investigating magistrate had also started on this "track", but after Agca's confessions that that had been a lie, he had found himself forced to charge him with slander. Then Martella remembered that he could not bring the innocent Bulgarians to trial on the basis of evidence of a "witness" charged by him for slandering. That is why he had closed down the whole "Walesa part" and removed the charges against Agca. Now Marini sets it forth once again. Because he wants to connect in some way Zhelyo Vasilev to this trial--the last of the slandered Bulgarians, whose name he mentioned as late as today.

Such was the construction of one absurd and contradictory to elementary logic accusatory thesis, [sentence as received] which had only one motive and only one aim: to continue the vilification of Bulgaria and her citizens, to free the anti-communist propaganda.

The trial will continue tomorrow.

Further on Summation

AU262210 Sofia BTA in English 2127 GMT 27 Feb 86

[Text] Rome, 26 February (BTA Corr.)--Prosecutor Antonio Marini divided his summation today into two parts: A noisy anti-Bulgarian lecture in the morning and a session of empty words in the evening. In the latter part he almost confessed that he lacked proofs in support of his unbelievable case.

He opened the morning session with the allegation that Todor Ayvazov's alibi was invalid. His "argument" was again that this alibi had been supported by Bulgarians only. According to this magistrate all Bulgarians lack credibility. His pseudojuridicial rhetorics quite naturally entered him in ridiculous contradictions.

"Why did Ayvazov state that the customs clearance of the Bulgarian transport international lorry had been an urgent matter? What an unusual operation this had been?" asked Marini insolently.

The answers to his questions are to be found in the very documents he is so fond of busying his hands with. The answer is that the truck had been carrying alcoholic drinks for a reception given by the Bulgarian Embassy and its route and stay in Italy had been strictly scheduled according to the Italian laws.

In this connection the counsel for the prosecution maliciously went out of his way to remind the court of investigating Magistrate Ilario Martella's idea, broadly discussed in his indictment, according to which Bulgaria and her official representatives were the organizers of international terrorism. Speculating with dates, he attempted to link Ayvazov's alibi with certain activities of other Bulgarians who had allegedly tried at that time to establish contacts with terrorists of the Red Brigades in order to obtain "secret information" from the American general James Dozier, who had been kidnapped by the terrorists. However, this operation had nothing to do with any Bulgarians. What is more Ayvazov's alibi concerns the period between 10 May and 13 May 1981 while the general was kidnapped on 17 December 1981.

Prosecutor Marini was honest only once: He admitted that he had again included in this trial the "Walesa" episode in order to involve Zhelyo Vasilev. After the court executed its rogatory commission in Sofia last December where it interrogated Vasilev, the prosecutor has obviously understood that this Bulgarian had an alibi corroborated by circumstances, fully documented by the Italian authorities. Thus he had probably seen that "the Bulgarians cannot be credited" formula would not do in Vasilev's case. Thus he decided to resort to the "plan for the assassination of Lech Walesa" shelved earlier, in order to use Agca's few available slanders against Vasilev.

Marine was also very diligent in seeking other sources of insinuations against Bulgaria. He even referred to Italian ex-Defense Minister Lagorio who

appeared before parliament on 20 December 1982 to state that "the attempt on the Pope's life is a peacetime act of war" and that "as early as 8 September 1982 the Sofia papers had tried to discredit Agca and to react before he had made his revelation." He reached, however, one very long-standing question which he (very much like the investigating magistrate) tried to avoid: Why if the Bulgarians had known about Agca's revelations did they let his "accomplice" Antonov continue working in Rome as though waiting impatiently to be [word indistinct].

These days, all those present in foro Italicum were compelled to listen to political propaganda which often used methods reminiscent of the cold war years. Tonight, Mr Marini mentioned that he could ask for a resumption of the court's investigation. If he really does so he will virtually be admitting publicly that he (?has) no proof against the three innocent Bulgarians.

#### Prosecutor's 'Strange' Conclusions

AU222126 Sofia BTA in English 2056 GMT 22 Feb 86

[Text] Rome, 22 February (BTA corr.)--At today's session the prosecutor Marini set himself to prove three things: that Sergey Antonov had belonged to the Bulgarian secret service, that Antonov and the criminal Agca has spoken English enough to understand each other, and that the evidence of the witnesses and the documentary proofs about the absence of Rositsa Antonova from Italy in the period after 8 May 1981 had been untrustworthy.

First of all the prosecutor declared that he had reveiwed all elements piled up in the course of the investigation and the judicial inquiry in order to estimate the situation and individual responsibility of each of the defendants. Right away after that he refuted himself.

"Agca had said that Antonov belonged to the Bulgarian secret services. Ozbey did not say such a thing concretely about Antonov, but in general he said that the Bulgarian secret services had shown interest. Antonov had come to Rome to replace another employee of Balkan who had been expelled from Italy, and he had even moved into his apartment on "Pola" Street. That means that Antonov belongs to the Bulgarian secret services," such was the absurd conclusion of Marini. Once again he based his arguments on the perjurers Ali Agca and Yalcin Ozbey, who had been his only source of "objective corroboration" during these days. Not a word was spoken, however, by Marini about the mission carried out by Ozbey commissioned to him by the Western secret services: For half a million U.S. dollars he had to provide perjurers from the organization of the "Gray Wolves" in support of the slanderer Agca, and that has been recorded in this trial.

What is more, in an offhand manner Marini misrepresented one fact. Sergey Antonov has replaced in Rome the former deputy representative of "Balkan"--Pencho Rusev, whose mandate has been completed and who had never been expelled from Italy. This fact is well known to the Italian authorities. It is impossible that the prosecutor should not know it as well. It was he who asked the witness Silva Petrova Popkrusteva on 17 October, last year, this

very question and the employee with many years of service in the office of "Balkan" in Rome answered him most precisely, giving names and dates.

In connection with the second of his conclusions, that Sergey Antonov and Ali Agca "spoke English enough to understand each other," Marini based his argument on the inventions of two ex-Bulgarian citizens--Magdalena Veleva and Velichko Peychev, a paid disinformant in the subversive radio station "Free Europe" which is financed by the CIA. They had said before the investigating magistrate Illario Martela that Antonov had to speak English in order to work in the Bulgarian airlines "Balkan." But the regulations for application for work in the Bulgarian airline "Balkan," enclosed to the records of the trial, translated into Italian and presented by the Bulgarian investigating authorities, very clearly read that the candidates for employment in the Bulgarian airlines should be able to speak one Western language and Antonov had passed an exam in French. That is obvious from the evidence of all employees of the representations of "Balkan" and "Balkantours" in Rome, from the evidence of the insurance agent Antonio Kolaboleta, of Pietro Parisi, of the administrative director of the Turkish airlines in Italy Mat Mohamed Sabit, of the deputy representative in the same company Sabato Matrone, of the advertising agent Roberto Pankari, of the employee at the Roman airport Carlo Patrizi, all of them had known Antonov for years and all of them categorically had declared that he could not speak English. On the other hand the proprietor of the boarding house Isa Maorizio Paganelli, had confirmed before the court that Ali Agca had known only a few English words and he had used gestures when he had to ask for the key to his room.

No less biased were the efforts of the counsel for the prosecution to declare untrustworthy the evidence of Antonov and a number of other witnesses, as well as the documentary evidence, that Rositsa Antonova had left Italy on 8 May 1981, and that it had been impossible for her to be present at the famous "meeting" in the house of Antonov on 10 May, the same year, which had been described by the slanderer Agca. The fact that Antonov had not remembered at once that his wife had not been in Rome at that time, was just the result of the monstrous charges and psychological pressure exercised over him during the first interrogations. But according to the "logic" of Marini, memories had to be clear and exact even after a year and a half had passed from the events.

There is also another strange conclusion drawn by the prosecutor: "Is it normal for a Bulgarian citizen to be interested so much in the assassination attempt against the Pope, to listen to the radio and to call the central which reports the latest news?"

Being unable to deny the evidence of the family of Kosta and Donka Krustevi, who, together with Rositsa Antonova, had travelled by car from Rome to Sofia on 8 May and 9 May 1981 the counsel for the prosecution said that there had been some corrections in the bill for their spending of the night at the "tourist" motel in Yugoslavia. There are some corrections because the administration of the motel have made some mistake turning the prices in Italian lires with which they have paid their stay. But Marini did not say anything about the register of the motel, where the names of Krustevi and Rositsa Antonova had been written clearly together with the numbers of their passports and even the hours of their arrival and departure.



The records of the trial also contain one other document presented by Sergey Antonov's counsel for the defense. It is a verbal note from the Bulgarian Embassy in Rome to the Ministry of Foreign Affairs of Italy, dated 7 May 1981. It requests an extension of the term of their stay and the issuing of visas. The prosecutor tried to maintain with the help of this note that Rositsa Antonova had not been able to leave because she had had to deposit her passport with the Italian ministry.

Agca's prompters had thought the same, because it had been on the basis of the date written in the note--7 May 1981, that they had made him cite his story about the "meeting" in the house of Antonov, attended by Rositsa Antonova as well. But the truth lies in the fact that because of the sudden departure of Rositsa, the note had been lodged with the embassy [as received] of foreign affairs as late as 27 May 1981. That fact had been reported to the investigating magistrate Ilario Martela and immediately after that it had become known also to Agca, who had called the investigating magistrate right away, and out of fear not to be unmasked he had declared that he had never visited the house of Antonov. But how had he been able to describe in detail the apartment he had never visited? That is another question to which the prosecutor Marini probably will not answer at the next session as well.

The trial will continue on Tuesday [25 February]. The presiding judge Severino Santiapichi has fixed a time for the prosecutor to finish his speech on Thursday, 27 February.

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CSO: 2200/80

POLITICS

BULGARIA

COMMENTS ON 27TH CPSU CONGRESS

AU241748 Sofia BTA in English 1644 GMT 24 Feb 86

["Congress of Peace and Creativity"--BTA headline]

[Text] Moscow, 24 February (BTA Special Correspondent Nencho Khranov)--The Soviet Union is now in the eve of a historical event: The 27th Congress of the CPSU is to open tomorrow. This is a historical event since the Congress will discuss and approve the party's new strategy for improving the rates of the country's socio-economic development, for the reaching of a qualitatively new stage in the development of the Soviet society. The revolutionary nature and the wide scope of the tasks, set by the Leninist party, are of historical international importance. No doubt the Congress will give a new impetus to the Soviet Union, to the socialist community and to all peaceloving people the world over in their struggle to attain mankind's noble aim: the entry into the third millennium under peaceful skies and space.

The Congress will examine the drafts for a new edition of the CPSU program and for the main trends in the USSR's socio-economic development during the twelfth five-year period and for the period till the year 2000, as well as the changes in the CPSU Charter.

These documents were offered for an all-party and nation-wide discussion. This has demonstrated the strength of the Soviet society and the unbreakable unity between the party and the people. The discussion showed the full approval for the course aimed at accelerating the rates of the socio-economic development, at the further improvement of the forms and methods of party leadership, of the overall economic and party work. The nation's participation in the preparatory work for the Congress is a convincing demonstration of the Soviet people's determination to do everything possible for the fulfillment of the great tasks set by the party.

The CPSU's economic strategy corresponds to the requirement to accelerate development and to improve living standards, to consolidate the potential of the national economy, to keep the country's defence potential at the necessary level. An important instrument for the intensification of the economy will be techno-scientific progress. The Soviet Union's national income and economic output will double by the year 2000 and the country will create an economic potential equal in scope to what has been done during the nearly 70 years since the October revolution.

The preparatory work for the [word indistinct] Congress of the CPSU coincided with the elaboration of a new program for a complete elimination of all nuclear weapons and for the prevention of the militarization of space. These extremely important peace initiatives, included in Mr Mikhail Gorbachev's declaration of 15 January 1986, were met with the world progressive public's approval and raise hopes world-wide. And as an article in today's PRAVDA states, this program has further strengthened the international significance of the forthcoming forum of Soviet communists.

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POLITICS

BULGARIA

# BULGARIAN BALKAN COMMITTEE ACTIVITIES REVIEWED

AU180906 Sofia RABOTNICHESKO DELO in Bulgarian 13 Feb 86 p 6

[BTA report: "Sincere Striving for Good Neighborly Relations"]

[Text] The Committee for Balkan Understanding and Cooperation devoted great efforts in 1985 in connection with intensifying its cooperation with representatives of the public, as well as with affiliated organizations from other Balkan countries and in explaining the urgent necessity of joint struggle of the consolidation and development of mutual understanding and good neighborliness. Thus, the committee contributes to the peace-loving foreign policy of the People's Republic of Bulgaria aimed at reaching the hearts and minds of ever-expanding strata of the population in various Balkan countries.

At meetings and talks with public figures and cultural leaders from the neighbor countries, the committee tried to establish a dialogue on the urgent problems of the Balkans and to find adequate forms for the propagation and consolidation of the proposal for signing bilateral agreements containing a good neighborliness code and renunciation of territorial claims that should be instilled in the consciousness of the Balkan public. Particular attention was devoted to the noble idea of transforming our area into a nuclear-free zone. The appeal launched by the Comrades Todor Zhivkov and Nicolae Ceausescu at the end of the year 1985 to the state and government leaders of the Balkan countries for the transformation on the Balkans into a chemical-free zone gave a new impetus to the joint struggle of the Balkan peoples for a total ban on the most destructive modern weapons in the entire area.

Through varied information and propaganda activities, the public in our country, as well as in the other Balkan states, was acquainted with the specific steps taken by the People's Republic of Bulgaria in consolidating mutual trust and cooperation among all countries of this area.

These activities were discussed at yesterday's meeting of the Bulgarian Committee for Balkan Understanding and Cooperation. Boris Velchev, chairman of the committee, read a report on the committee's work in 1985.

Dimitur Stanishev, secretary of the BCP Central Committee spoke on the stabilizing role of our country's Balkan policy as a natural expression of its

comprehensive, consistent, and constructive policy to the advantage of peace, understanding and mutual confidence among the peoples. He stressed the positive role played by the committee in propagating this policy and in making the other Balkan states familiar with the Bulgarian's achievements in public life.

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POLITICS

BULGARIA

BULGARIAN BORDER GUARDS MEETING HELD IN SOFIA

AU152200 Sofia RABOTNICHESKO DELO in Bulgarian 13 Feb 86 p 6

[Dragomir Penchovski article: "Reliable Shield of the Motherland"]

[Text] The 20th conference of the nationwide border guards' BCP organization took place yesterday at the Sofia Hall of the Central Committee of Fighters Against Fascism and Capitalism. Dimitur Stoyanov, candidate member of the Politburo and Minister of the Interior, participated in the work for the conference.

The report and the speakers' statements stressed that the entire activities of commanders, political organs, and party organizations during the period under review was aimed at the implementation of the tasks stemming from the decisions of the [words indistinct], from the decisions of the National BCP Conference on quality, and from the BCP Central Committee plenums. Expressing themselves still dissatisfied with their achievements, the delegates to the conference, in a critical and self-critical spirit, sought the reasons of the shortcomings that were allowed to occur in party-political work and mapped out measures for the improvement of their comprehensive activities in protecting the borders. The decisions of the February 1985 and the January 1986 BCP Plenums are assigned new tasks to the soldiers of the Border Guard Troops, as well. These decisions are of great importance in mobilizing work and raising the quality of the border guards activities in protecting the native borders to a higher level, as well as in improving their political activities.

In his speech, Comrade Dimitur Stoyanov mapped out the chief trends in the activities of commanders and political workers, as well as of all communists. The complicated international situation, created by the imperialist forces, demands that the soldiers with the green shoulder straps manifest great combat readiness, vigilance, and discipline in order to guarantee a calm and peaceful labor to the population in our country, the minister stated.

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POLITICS

BULGARIA

ZHIVKOV FOUNDATION BRANCH FORMED IN LONDON

AU141700 Sofia RABOTNICHESKO DELO in Bulgarian 13 Feb 86 p 5

[RABOTNICHESKO DELO correspondent Petur Bochukov report, datelined London, 12 February: "Continuation of a Noble Cause"]

[Summary] A British branch of the "Lyudmila Zhivkova" Foundation was established in London on 12 February, under the name of the "Lyudmila Zhivkova International Foundation (England and Wales)." Its formation was announced officially at a meeting of the Administrative Council of the fund, chaired by Robert Maxwell, chairman of Pergamon Press Publishers, and attended by Vladimir Zhivkov, deputy chairman of the Bulgarian Committee for Culture. Other participants in the meeting were the former labor minister John Silkin, George Robertson, Liberal Party spokesman on foreign affairs, Bulgarian Ambassador Kiril Shterev, and Ivan Nedev, chief secretary of the foundation.

The meeting elected Robert Maxwell, "who is founder member of the 'Lyudmila Zhivkova' foundation and member of the its Bureau and Council," as chairman of the London branch. The branch leadership includes John Silkin, Ron Todd-- president of the Transport and General Workers Union, and members of Parliament Michael Cox and George Robertson. There was a discussion of the branch's future activity, "which will include the granting of scholarships to young people to specialize in Great Britain in various fields of arts and science, mutual exchanges of collections between the foundation's art gallery and British galleries, etc."

The meeting was followed by a reception given by Robert Maxwell in the Howard Hotel, which was attended by "prominent representatives of British cultural, political, and business circles, leaders of diplomatic missions accredited in London, including the Soviet Ambassador Viktor Popov, and many journalists." Vladimir Zhivkov made a speech at the reception. In the evening Robert Maxwell gave a dinner in honor of Vladimir Zhivkov, attended by "members of the Administrative Council of the British branch of the foundation and representatives of British political, scientific, and cultural circles."

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POLITICS

BULGARIA

LEADERS ATTEND OKRUG BCP CONFERENCES

Dzhurov in Veliko Turnovo

AU180837 Sofia RABOTNICHESKO DELO in Bulgarian 14 Feb 86 p 8

[Unattributed report: "In a Busin Slike, Critical and Self-critical Amnner"]

[Text] Veliko Turnovo, 13 February, RABOTNICHESKO DELO report. Today the fourth accountability-election conference of the Veliko Turnovo BCP City Organization took place. It was attended by Army General Dobri Dzhurov, member of the BCP Central Committee Politburo and minister of national defense, and Nikola Tsonev, first secretary of the Veliko Turnovo Okrug BCP Committee.

The report and subsequent debates analyzed in detail the results of the comprehensive socioeconomic development of the city. The undoubted successes in intensifying the economy and in the multifaced activity in turning Veliko Turnovo into a historical, cultural, and tourist center were stressed with justification. The weaknesses and shortcomings which have been allowed were reviewed in a critical and self-critical manner.

Comrade Dobri Dzhurov stressed that the Veliko Turnovo party organization is working diligently to put into effect the party order on quickly introducing the achievements of the scientific-technological progress. He also dwelled on some unsolved issues and stressed the necessity of constantly perfecting the organizational and political work of the party committees and primary organizations and all communists in accordance with the high requirements of the decisions of the BCP Central Committee February 1985 and January 1986 plenums.

Stanishev in Khaskovo

AU222012 Sofia Domestic Service in Bulgarian 1000 GMT 22 Feb 86

[Text] The 21st Okrug BCP conference in Khaskovo is continuing its work. Comrade Dimitur Stanishev is taking part in the conference. The reports and speeches of the delegates, as well as dealing with the successes achieved, devoted considerable space to the unresolved problems of the Okrug's economy. Radi Stanchev, the delegate from the (?Marvas) economic mining and energy combine and twice a hero of socialist labor, pointed out that the decision for



the renewal of the material-technical base of the combine is not being properly carried out. Shishko Shishkov, the delegate from Dimitrovgrad, pointed out that the investment and reconstruction process does not conform to the modern requirements. As an example, he pointed out that 24 different organizations are taking part in reconstruction and modernization in their work, the rates of progress are being held up. The conference is continuing its work. [Sofia Domestic Service in Bulgarian at 1830 GMT on 22 February, in reporting on the same conference, adds: "At the plenum held after the conference, Stoyan Peykov was reelected first secretary of the Khaskovo Okrug BCP Committee."]

#### Stoichkov in Stara Zagora

AU221709 Sofia Domestic Service in Bulgarian 1830 GMT 21 Feb 86

[Text] Stara Zagora--In the presence of Comrade Grigor Stoichkov the 24th accountability-election conference of the Stara Zagora Okrug BCP Organization was held here today.

The report and the statements of the delegates made a thorough analysis of the successes achieved and of the existing problems. Comrade Grigor Stoichkov delivered a speech at the conference. He conveyed most sincere greetings to the delegates and guests on behalf of the BCP Central Committee and on behalf of Comrade Todor Zhivkov personally. Comrade Grigor Stoichkov dwelled on the most important tasks facing the communists and working people of the Okrug by drawing special attention to the questions of the further development of the Okrug economy on the basis of the accelerated introduction of the achievements of scientific-technical progress.

The plenum that followed the party conference reelected Mincho Yovchev as first secretary of the Stara Zagora Okrug BCP Committee.

#### Filipov in Plovdiv

AU221936 Sofia Domestic Service in Bulgarian 1000 GMT 22 Feb 86

[Text] In Plovdiv the 25th accountability-election conference of the Okrug BCP Organization is being held. Comrade Grisha Filipov is taking part in the work of the conference. Being emphasized in the reports and the speeches made by the Okrug and regional programs for the development of certain new fields of science and technology. The delegates discussed with particular acuity certain serious weaknesses connected with the incomplete utilization of the slow mastering of new technologies were subjected to serious criticism and in-depth analysis. [Sofia Domestic Service in Bulgarian at 1830 GMT on 22 February, in reporting on the same conference, adds the following: "At the plenum following the conference, Ivan Panev was reelected first secretary of the Plovdiv Okrug BCP Committee].

#### Dyulgerov in Kyustendil

AU272027 Sofia Domestic Service in Bulgarian 1830 GMT 27 Feb 86

[Text] With the participation of Comrade Petur Dyulgerov, the accountability-election conference of the Kyustendil Okrug BCP organization was held today. Dwelling on certain of the aspects achieved, the delegates directed their attention toward the unsolved problems connected with the fuller utilization of the cadre and production potential of the Okrug's economy, the technological reequipment of industry, and the mastering of new types of production. At the plenum held after the conference, Yordan Tsanev, hitherto an inspector of the BCP Central Committee, was elected as first secretary of Kyustendil Okrug BCP Committee.

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CSO: 2200/80

POLITICS

BULGARIA

LOCAL ACCOUNTABILITY-ELECTION CONFERENCE HELD

[Editorial Report] Sofia 'RABOTNICHESKO DELO in Bulgarian on 7 and 8 February carries reports from local correspondents on accountability-election conferences of provincial and Sofia district party organizations, attended by Politburo members, candidate members, Central Committee secretaries, and other leading officials.

Sofia RABOTNICHESKO DELO on 7 February carries on page 2, an approximately 400-word report from Silistra Municipal Party Organization attended by Yordan Yotov, Politburo member of the BCP Central Committee and editor in chief of RABOTNICHESKO DELO, as well as by Georgi Kardashev, first secretary of the Silistra Okrug BCP Central Committee. Yotov spoke on the five tasks assigned by the February 1985 and January 1986 BCP Central Committee plenums, which require revolutionary changes at the base and in the superstructure, as well as the expansion of the creative efforts and opportunities of the working collectives for an even more offensive and more consistent struggle against negative phenomena in our life."

Antonia Mechkova, in a 400-word report on the same page of the daily, describes the 30th Accountability-Election Conference of the Sofia "Blagevoc" Rayon Party Organization, attended by Milko Balev, Politburo member of the BCP Central Committee and by Georgi Georgiev, first secretary of the Sofia City BCP Committee. Milko Balev pointed out the exceptionally great responsibility of the party organizations for creating an economic, political, and ideological atmosphere within the workers collectives of the rayon, that should conform to the requirements of the 1985 February and 1986 January plenums of the BCP Central Committee."

Nikola Kidikov, in a 400-word report from Kurdzhali, describes the Accountability-Election Conference of the Kurdzhali Municipal Party Organization, attended by Ognayan Doynov, Politburo member of the BCP Central Committee, and by Georgi Tanev, first secretary of the Kurdzhali Okrug BCP Committee. Doynov praised the achievements of the working people in the area and stressed the "necessity of reorganization in the work of party organs and organizations, of leading cadres and rank and file communists."

Ninko Gruev, in a 400-word dispatch, reports on the Fourth Accountability-Election Conference of the Vidim Municipal Party Organization, attended by Georgi Atanasov, secretary of the BCP Central Committee and candidate member of the Politburo, as well as by Geno Toshkov, first secretary of the Vidin

Okrug BCP Committee. Atanosov points out the necessity of "introducing new technological methods" and the need "to improve the standard of scientific services to the population."

A 400-word report by Petko Petkov from Sliven describes the Fourth Accountability-Election Conference of the Sliven Municipal BCP Organization, attended by Andrey Lukanov, candidate member of the BCP Central Committee and deputy chairman of the Council of Ministers, and by Velichko Petrov, first secretary of the Sliven Okrug BCP Committee. Andrey Lukanov is reported as stressing the future tasks of the local party organization and the necessity of "new approach" to scientific-technical problems.

Plamen Dzhanov, in a 400-word report from Razgrad, describes the Fourth Accountability-Election Conference of the Razgrad Municipal BCP organization, attended by Georgi Dzhangarov, deputy chairman of the State Council, and by Anastasiy Donchev, first secretary of the Razgrad Okrug BCP Committee. Dzhangarov is reported to dwell on the "necessity of reorganizing ideological work" in the area, according "to the new criteria facing the local party organization."

Sofia RABOTNICHESKO DELO on 8 February carries on page 6 a 350-word report by Asparukh Georgiev from Kyustendil on the Fourth Accountability-Election Conference of the Kyustendil Municipal BCP Organization, attended by Grigor Stoichkov, candidate member of the BCP Central Committee Politburo and deputy chairman of the Council of Ministers, and by Georgi Grigorov, first secretary of the Kyustendil Okrug BCP Organization. Stoichkov is reported speaking on the "basic shortcomings which are reducing the economic and social efficiency of party organizational work and leadership and which must be overcome."

Nedyalko Atanasov, in a 350-word report from Troyan, reports the Fourth Accountability-Election Conference of the Troyan Municipal BCP Organization, which was attended by Stoyan Makov, candidate member of the BCP Central Committee Politburo and first deputy chairman of the Council of Ministers, chairman of the State Committee for Research and Technology, and by Petur Balevski, first secretary of the Lovech Okrug BCP Committee. Stoyan Markov is reported "positively evaluating the results achieved in recent years" in the area and urging the working people of Troyan to "devote all their intellect, efforts and daring" to the fulfillment of current tasks.

A 250-word report from Mezdra by Ilya Borisov is devoted to the Fourth Accountability-Election Conference of the Mezdra Municipal Party Organization, attended by Stoyan Karadzhov, chairman of the BCP Central Control-Auditing Commission.

A 300-word report by Neofit Petkov from Mikhaylovgrad reports on the Fourth Accountability-Election Conference of the Mikhaylovgrad Municipal Party Organization which was attended by Mitko Grigorov, deputy chairman of the State Council, and by Petur Nikolov, first secretary of the Mikhaylovgrad Okrug BCP Committee.

Purvan Todorov, in a 250-word dispatch from Pleven, reports on the 31st Accountability-Election Conference of the Pleven Municipal BCP Organization.

Attended by Georgi Karamanev, chairman of the Social Council attached to the Council of Ministers, and by Stefan Ninov, first secretary of the Pleven Okrug BCP Committee and Ilya Petrov, in a 350-word dispatch from Vratsa, reports on the Fourth Accountability-Election Conference of the Vratsa Municipal BCP Organization attended by Ivan Iliev, deputy chairman of the Council of Ministers and chairman of the State Planning Commission, and by Svetozar Petrushkov, first secretary of the Vratsa Okrug BCP Committee. Iliev dwelled on the "most important and urgent task and on the necessity of a thorough change in the entire party political and ideological work in order to meet the great requirements and lofty goals of the February 1985 and the January 1986 plenums of the BCP Central Committee."

All reports point out that the speaker emphasizes the "importance of the February 1985 and January 1986 plenums" and on the people's successes in the aforementioned areas.

No changes in personnel or leadership of the local party organization are mentioned.

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CSO: 2200/80

POLITICS

BULGARIA

BULGARIAN ORTHODOX BISHOP ON PEACE MOVEMENT

AU141945 Sofia BTA in English 1749 GMT 14 Feb 86

[Excerpt] Sofia, 14 February (BTA)--"Life on the planet should be preserved. Civilisation and the achievements of human genius should be used not for the purpose of mankind's predation but for its welfare. The sun of joy and happiness should never set. Therefore, let everyone work for this according to his calling and position."

This is part of the statement which Metropolitan Pankratiy of Stara Zagora, head of the Foreign Relations Department of the Bulgarian Patriarchate and vice-president of the Christian Peace Conference (CPC), made today before a reporter of the Bulgarian Telegraph Agency. The interview was occasioned by the forthcoming session of the CPC governing bodies due to be held in Sofia from March 2 through 7 at the invitation of the Bulgarian Orthodox Church, a respected member of the Christian peace movement.

The Sofia session is the first meeting after the 6th CPC All-Christian Peace Assembly, held between July 2 and 9 last year in Prague. It will be attended by some 100 delegates from 30 countries on the five continents. Along with other important questions of peace and social justice, its agenda includes a report by a Bulgarian representative devoted to the need for the establishment of a Balkan nuclear- and chemical-weapons-free zone as an important step towards detente and peace.

"The Christian Peace Conference is an oecumenical movement which epitomizes the Christians' responsibility for peace, social justice and dignified human life," Metropolitan Pankratiy indicated explaining the essence and the objectives of the organization. "It advocates constructive relations and safeguards for peace, peaceful settlement of all international disputes without recourse to force, general and complete disarmament, as well as cooperation among all nations on the principle of peaceful coexistence."

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CSO: 2200/80

POLITICS

BULGARIA

OTECHESTVEN FRONT ON FAMILY REUNIFICATION CASE

AU191823 Sofia BTA in English 1436 GMT 19 Feb 86

[Text] Sofia, 19 February (BTA)--Mikhaela and Severina Filipova, aged seven and five, left for Rome today via Vienna by airplane. They are the daughters of Svezha and Mikhail Filipov, who have left Bulgaria illegally three years ago. The 85 year old Mariya, mother of Mikhail Filipov, also left with them. The two children and their grandmother received the permission of the Bulgarian authorities to leave for Italy. During the flight to Rome they will be accompanied by several Italian citizens, friends of the Filipov family.

In connection with this case, which has been used recently or speculation by some Italian newspapers, follows a reissue of a reportage of the Sofia daily OTECHSTVEN FRONT, published a few days ago.

OTECHESTVEN FRONT features a reportage on the "Filipov case" (About Svezha and Mikhail Filipov who left Bulgaria illegally in 1983 and deserted their children.

The two girls are aged seven and five. Mikhaela, the older of the two, is suffering from serious valvular defect of the heart and is mentally and physically underdeveloped. The children are living under good conditions with the grandparents (on their mother's side) Yordanka and Zhecho Dachev, in the town of Novi Pazar, for the last three years, and Mr Filipov has [as received] not extended any financial support to their children. "Thus, I have serious doubts whether the sending of the children abroad will be in their best interest," Justice Khristo Dimitrov, president of the Novi Pazar regional court, told the OTECHSTVEN FRONT reporter. In response to a request by the grandparents (Yordanka and Zhecho Dachev), Justice Khristo Dimitrov has issued a document giving the grandparents the status of the children's guardians.

"I believe their request legitimate and issued a document to that effect," said the judge. "The last section of Article 16 of the code of civil procedure allows the carrying out of such a procedure in cases where there is a conflict between the interests of the children and their parents. Who else could be the children's guardian but their grandparents, all the more that the children are living in their home and that the grandparents have undertaken the children's support (while their parents have practically deserted them at an age when the children were and still are practically helpless.)"

The author of the article, Ms Romyana Bratovanova, views the case as a conflict between the Dachevs and the Filipovs, a conflict between two generations of parents and between two different notions of the rights and responsibilities of parents in respect to their offspring.

The grandmother Mrs Yordanka Dacheva has the following to say: "The Bulgarian authorities have said that they would allow the children to join their parents. But even if the authorities are giving the children, I am not. Can I let these small children go to immigration camps? Can I be sure that someone is not coaching the parents and is not going to use the children in blackmailing my daughter and son-in-law? Why does Svezha want two of her children only? What about the other two, the older ones? Svezha must come back, there are four children waiting for her here.

Indeed, Svezha Filipova does not [word indistinct] other daughters from her first marriage, who are living with their father in the city of Ruse. Mikhail Filipov also has a son from his first marriage who is living with his mother. At the time of their departure from Bulgaria, the Filipovs were still 5,500 leva behind in their payment of a state-granted loan. This money was paid by Svezha's parents, who are also looking after Mikhaile's mother Mariya, 85 years old.

Justice Khristo Dimitrov: "I just can't imagine such a negligence on the part of parents. Children can't be looked after from such a distance. You can't be a loving mother while deliberately staying away from your children. And suddenly, years later, the Filipovs started pressing the Dachevs to regain custody over their children through public displays, ears.... There is obviously someone behind the Filipovs and it is not difficult to guess who. The influence of the anti-Bulgarian propaganda has awakened rather late their parental feelings."

And so the Dachevs refused to let the two girls go. The officials in Novi Pazar have offered their assistance to Filipovs' representative, Prof Plasavitzky, a U.S. citizen, who arrived in Bulgaria. The Dachevs were categorical: They refused to send the children and Mikhail's 85 year old mother in the company of a total stranger who was on top of all unable to communicate with them as he did not speak Bulgarian. Besides, seven year old Mikhaela and her bigger [as received] sister Mariya, need constant care.

Mr Marin Mikhov, chairman of Novi Pazar's city council: "We have assisted the representative of the Filipovs but we cannot go against the elderly people's strong desire to educate the children in a Bulgarian spirit. The children are receiving the necessary material support: The household lives on two retirement pensions, a salary (Dachev, who is already retired, is still working) [as received] and a monthly allowance from the council. I think that this is before all a family argument. Such conflicts happen in other families as well, especially in view of the traditionally strong bonds between grandparents and grandchildren in this country."

"I find it difficult to reproach the mother," writes the journalist from OTECHESTVEN FRONT. But it is very difficult for me to believe what I see: What mother would leave her child, sick and helpless, in the hands of her



aging parents? Can one forget and postpone maternity in the search for happiness and success? Now, in their statements before foreign anti-Bulgarian oriented radio stations, Svezha Filipov and Mikhail Filipov are saying that they have left Bulgaria but not their children. They said that they had wanted to play parts in movies and drama but their talents have not been recognized."

"I wonder whether they believe their own words," writes Mr Romyana Bratanova. Children need constant care and attention. No one has disputed the Filipovs' right to happiness in this country."

"This is the story and we can discuss, at length, each character's understanding of his own rights and responsibilities. Although Svezha and Mikhail Filipov claim a good understanding of literature, they probably do not feel like taking part in a discussion like this. They are obviously under the impression that some people have rights only, while others, only obligations, and that they, of course, belong to the former group," states the author of the OTECHESTVEN FRONT article.

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CSO: 2200/80

POLITICS

BULGARIA

JEWISH ORGANIZATION REJECTS TURKISH 'CAMPAIGN'

AU191904 Sofia BTA in English 1535 GMT 19 Feb 86

[Text] Sofia, 19 February (BTA)--"In Bulgaria there are no persecutions of and encroachments for religious and ethnical reasons upon any Bulgarian nationals whatsoever--such persecutions are incompatible with the principles and the essence of socialist humanism, with Bulgaria's legislation. We Bulgarian citizens enjoy freedom and equal rights in our work, we form a united brotherly family: Bulgarians, Armenians, Jews, Atheists, Orthodox Christians, Moslems and Israelites [as received]--regardless of sex, race, religious beliefs--in conformity with the constitution of our socialist homeland."

This statement is part of a declaration adopted by the plenary session of the central leadership of the public Cultural and Educational Organization of the Jews in Bulgaria. The declaration resolutely rejects the hostile campaign against Bulgaria launched by nationalistic and chauvinistic elements in Turkey with groundless accusations prompted by self-seeking aims.

The declaration stresses that there were persecutions and encroachments for religious purposes in Bulgaria during fascism. Such an antisemitic legislation separated the Jews from the other part of the people, suppressed and limited their rights and freedoms and prepared their genocide in the Nazi death camps. "We raise our voices to declare the historic truth that we, the Bulgarian Jews, were saved from mass annihilation thanks to the democratism and tolerance of the Bulgarian people and thanks to its courageous struggle to free itself from the paws of the Nazi plague", the document points out. It also stresses that Mr Todor Zhivkov, now Bulgaria's State Council president, took an active part and made his personal contribution to this struggle organized and led by the BCP.

"We, the Bulgarian Jews, have our own public, cultural, and educational organization, which has its own publication--the EVREYSKI VESTI newspaper, its own 'Year Book' and its own permanent exhibition 'The Rescue of the Bulgarian Jews in the 1941-1944 Period'. [words indistinct] cultural and educational work," the participants in the plenary session said. They stress that in spite of the fact that there are very few people in Bulgaria professing the Israelite religion, in this country there is a central Israelite spiritual council which is entirely subsidized by the state. The central synagogue in Sofia not only operates but has also been [words indistinct] restored with

state means. These are facts that clearly show that in Bulgaria all ethnical groups are free and equal and that Bulgaria's government is categorically against 'assimilation by force. "The issue of the names of any Bulgarian nationals and of their religious beliefs is a personal one, a personal right guaranteed by the Bulgarian legislation," the declaration points out.

The participants in the plenary session of the Jewish Cultural and Educational Organization declare that "the activities of the [word indistinct] disposed to Bulgaria Turkish circles, in which unfortunately the Turkish Government headed by Mr Turgut Ozal takes part, are in the interest of those who are against goodneighbourliness and mutually advantageous cooperation." At the same time the participants in the plenary session expressed support to the 9 February declaration of the BTA, which sets forth the stand of the Bulgarian side for continuing the efforts for the promotion of the equitable and mutually advantageous relations between Bulgaria and Turkey and against all attempts to interfere in the home affairs of the sovereign Bulgarian state and its citizens.

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POLITICS

BULGARIA

BULGARIAN-SOVIET FRIENDSHIP SOCIETY MEETING HELD

AU180933 Sofia RABOTNICHESKO DELO in Bulgarian 13 Feb 86 p 6

[Excerpts] The activities of the Bulgarian-Soviet Friendship All-National Committee and of the Bulgarian-Soviet Friendship Committees in 1985 and the forthcoming tasks of these organizations were discussed at a plenum of the All-National Committee held yesterday. Georgi Atanasov, candidate member of the BCP Central Committee Politburo and secretary of the BCP Central Committee attended the plenum. Leonid Grekov, USSR ambassador was also among those present.

In evaluating the successes, ideological-educational work, and cultural-mass work of the Bulgarian-Soviet Friendship All-National Committee, the plenum devoted attention to the fact that this work is not yet sufficiently purpose-oriented and that it is not adequate to the standards of the mutual relations existing between the USSR and the People's Republic of Bulgaria. The level of certain initiatives and events is not satisfactory.

The participants expressed themselves in favor of closer cooperation with other organs and organizations in the propagation and use of Soviet experience and in connection with developing the patronage movement, as well as international competition, which will contribute to the implementation of the decisions adopted at the BCP Central Committee February plenum.

Nacho Papazov, chairman of the Bulgarian-Soviet Friendship All-National Committee, delivered a closing speech at the plenum.

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POLITICS

BULGARIA

BALEV ATTENDS PRESENTATION OF GORBACHEV BOOK

AU221707 Sofia Domestic Service in Bulgarian 1830 GMT 21 Feb 86

[Text] A festive meeting was held at the Soviet Embassy in Sofia on the occasion of the presentation of the new edition of Comrade Mikhail Gorbachev's book, entitled "Along the Leninist Path."

In his speech Comrade Milko Balev pointed out that the second edition of the book, completed by new works, is a great event for the Bulgarian party, state, economic, social, and leading cadres and for the ideological workers in Bulgaria and all Bulgarian citizens. In recalling that this book was published on the eve of the 27th CPSU Congress, Comrade Milko Balev expressed his conviction that this will not be an ordinary congress, but a turning point in the development of the Soviet country.

On behalf of the BCP Central Committee and on behalf of the Bulgarian PARTIZDAT, which published the book, Comrade Milko Balev presented to Leonid Grekov, USSR ambassador extraordinary and plenipotentiary to Bulgaria, a presentation copy of the book "Along the Leninist Path."

In accepting this new edition the Soviet ambassador pointed out that the book reveals the contemporary policy of the CPSU in all its character based on principle, in all its complexity and variety, and that the book reveals the party's innovative research and its striving to establish a link between the concern about the fate of socialism and the concern for the fate of civilization worldwide, as well as the striving to ensure the peaceful future of mankind.

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CSO: 2200/80

POLITICS

BULGARIA

MINISTER KHRISTOV ON TRADE RELATIONS WITH USSR

AU250921 Sofia BTA in English 1244 GMT 24 Feb 86

[Text] Sofia, 24 February (BTA)--"An extended system for trade and economic cooperation between Bulgaria and the Soviet Union is functioning today," marks [as received] Mr Khristo Khristov, minister of trade of Bulgaria, in RABOTNICHESKO DELO. During the last three decades the bilateral barter has marked explicitly dynamic growth, its structure and forms have been qualitatively enriched.

In 1956, the mutual barter amounted to 228 million roubles. In 1970 it has already reached 1.8 billion roubles. The next 15 years have marked even higher rates of growth, as well as ever deeper qualitative changes. During 1971-1975 the exchange of merchandise have amounted to 13.5 billion roubles, in 1976-1980, to 29.2 billion roubles, and in the past eighth five year period the barter has reached 51.7 billion roubles.

Pointing out this data Mr Khristo Khristov stresses the progressive changes, which have set in the structure of barter, above all in the sector of machines, equipment and computer technology. Their share in Bulgaria's export has grown at accelerated rates and in 1985 it has reached 60 percent. Bulgaria has consolidated its position as a trustworthy and long-term supplier of a number of basic types of metal working machines, hoisting and hauling devices and other mechanical engineering products, of a wide range of computer technology and products, as well as of a considerable volume of consumer goods--foods, chemistry and pharmaceutical products, light industry products and others.

At the same time the Soviet equipment and technology deliveries have shaped the outlines of the basic branches of Bulgarian economy. Bulgarian trade minister emphasises the great importance for the economy of this country of the Soviet deliveries of fuel, raw materials and consumer goods.

In the process of carrying out the long-term programme, the most efficient directions, forms and conditions for the further mutually advantageous and balanced development of the trade and economic cooperation have been determined through coordination of the new five year plans and the long-term trade agreement for the 1986-1990 period, which has been concluded in January, this year, stresses Minister Khristo Khristov. The new agreement envisages the barter between the two countries for the new five-year period to amount to

70 billion roubles. It is characterized by the fact that the exchange in the scientific and technologically intensive branches will grow at highest rates--electronics, computerized manufacturing systems, robotics, nuclear equipment, biotechnologies, etc. The establishing of joint economic enterprises with integrated managing bodies will make possible the joint development and mastering of the latest achievements of techno-scientific advance. The author of the article points as an example [as received] the three joint enterprises that have been established--for robotics, for processing numerically controlled machines, and for electronic devices for the automotive industry.

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CSO: 2200/80

POLITICS

BULGARIA

#### FURTHER SNOWFALL, HIGH WINDS INTERRUPT OKRUG SERVICES

[Editorial Report] Sofia ROBOTNICHESKO DELO in Bulgarian on 13 February 1986 carries on page 2 three brief unattributed reports, totalling approximately 450 words, from Kurdzhali, Stara Zagora, and Russ Okrugs on interruptions to services caused by snowfall and high winds. The Kurdzhali report states that, due to heavy snowfall with high winds, "once more there have been interruptions of the electricity and telephone lines, as a result of which 7 villages have been left without electric power and a further 22 populated settlements without telephone links. For the same reason 5 pumping stations have been put out of action, resulting in 17 populated settlements remaining without drinking water." Round-the-clock duty teams have been set up "to guarantee normal road communications."

The Stara Zagora report states that "as a result of round-the-clock work by emergency teams, "working on the elimination of faults in the electric power supply to populated settlements, of the 177 villages in the Okrug affected, 123 have had their electricity and water supplies restored." It is reported that fresh snowfall has hindered road clearing activities, but the main roads and most of those between villages have been cleared.

Fresh, heavy snow is also reported from Ruse Okrug: "snowdrifts and banks, as well as reduced visibility due to falling snow, were the reason for the roads in the Okrug to be closed to cars and trucks with trailers." It is stated that special teams are engaged in clearing the roads, and duty teams have been formed to restore interruptions in services. It is reported that "measures have been taken to supply the population with all necessary products and goods."

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CSO: 2200/80



POLITICS

BULGARIA

BRIEFS

CHILDREN REUNITE WITH PARENTS--(ANSA) Rome, 17 February--Two Italian Radical Party members flew to Sofia today to pick up two Bulgarian girls and their grandmother and bring them back to Italy to be reunited with their parents. The Bulgarian Embassy issued visas to Antonio Stango and Gino del Gatto, two Radical Party spokesmen who have taken the Filipov case to heart, [words indistinct] demonstration was restaged on behalf of the family outside the embassy's premises. Mikhail and Svezha Filipov started a hunger strike thirteen days ago to call attention to their plight and their demand to have their daughters and Mr Filipov's mother join them in Italy. Before issuing the visas, however, the Bulgarian Embassy released a statement blaming Mr and Mrs Filipov as the only ones responsible for their separation from their daughters. The couple, according to the embassy, had "categorically" refused to travel to Sofia themselves to pick up the children even though Bulgarian authorities had provided full assurances that the whole family would be allowed to reemigrate to Italy. [Text] [Rome ANSA in English 2030 GMT 17 Feb 85 AU] /12913

AFRO-ASIAN COMMITTEE DENOUNCES PAKISTAN--Sofia, 14 February (BTA)--The Afro-Asian Peoples' Solidarity Committee has issued a declaration voicing deep concern on behalf of the Bulgarian public over the brutal retribution of the Pakistani authorities against the Afrids, the Shinwars and other freedom-loving Pashtoon tribes. These tribes have taken a resolute stand against the turning of their lands into a springboard for the training and sending into Afghan territory of counterrevolutionary gangs on terrorist missions aimed to undermine the achievements of the April revolution. The pashtoon position, the declaration says is a contribution to the efforts towards normalizing the situation and establishing order and understanding in that part of the world. It is for this reason that it had angered the Pakistani military who have committed themselves to an undeclared war on the Democratic Republic of Afghanistan. The Afro-Asian People's Solidarity Committee resolutely condemns the actions of the Pakistani military and urges an immediate end to them. It expresses unreserved support for the struggle of the Pashtoon tribes for free and peaceful life. [Spelling of Pakistani Tribal Names as Received] [Text] [Sofia BTA in English 1929 GMT 14 Feb 86 AU] /12913

FILIPOV ATTENDS MEETING--On 16 February a joint session of the Burgas Okrug People's Council and the Okrug Council of the Bulgarian Trade Union took place. Comrade Grisha Filipov and Nikolay Zhishev, first secretary of the BCP Burgas Okrug Committee, took part in the session. The plan implementation

during 1985 as well as the new counterplan on the Okrug's scientific-technological and socio-economic development of the Okrug and the 1986 Okrug budget were discussed. It was stressed that last year successfully ended the Eighth 5-Year Plan. The Okrug began the practical implementation of the decisions of the BCP Central Committee February Plenum as a basis of the further intense development of the Okrug's economy. Some 869 scientific-technological projects have been introduced. A profit of over 43 million leva has been obtained. Some 3,500 apartments and many other social-consumer and cultural objects have been constructed. [Text] [Sofia Domestic Service in Bulgarian 1000 GMT 15 Feb 86 AU] /12913

MLADENOV ATTENDS KUWAITI RECEPTION--"This evening the ambassador extraordinary and plenipotentiary of Kuwait to Bulgaria gave a reception in the "Vitosha New Otani" Hotel on the occasion of his country's national day. Among those present were Comrades Petur Mladenov and Grigor Stoichov," "representatives of public organizations," and other figures. [Summary from poor reception] [Sofia Domestic Service in Bulgarian 2000 GMT 25 Feb 86 AU] /12913

NEW AMBASSADOR TO SRV--The State Council issued a decree by which it releases Filip Velkov Markov from the duty of ambassador extraordinary and plenipotentiary of the People's Republic of Bulgaria to the Socialist Republic of Vietnam. The same decree appoints Georgi Todorov Vasev as ambassador extraordinary and plenipotentiary of the People's Republic of Bulgaria to the Socialist Republic of Vietnam. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 18 Feb 86 p 6 AU] /12913

DEPARTING POLISH AMBASSADOR--Syrian Ambassador Taha al-Khayrat, during an interim of the diplomatic corps, gave a cocktail party yesterday in the Park Hotel "Moskva" in Sofia on the occasion of the forthcoming final departure from Bulgaria of Wladyslaw Napieraaj, the ambassador extraordinary and plenipotentiary of the Polish People's Republic. Mariy Ivanov, the first deputy minister of foreign affairs of Bulgaria, was also among those present. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 20 Feb 86 p 2 AU] /12913

DYULGEROV RETURNS FROM HUNGARY--On 16 February the delegation of the Central Council of the Bulgarian Trade Unions, led by the Central Council chairman, Petur Dyulgerov, candidate member of the BCP Central Committee Politubro, returned from Budapest. It took part in the work of the 25th Congress of the Hungarian Trade Unions. At Sofia airport the delegation was greeted by Georgi Evgeniev, deputy chairman of the Bulgarian Trade Unions Central Council, Istvan Kiss, Hungarian charge d'affaires, was also at the airport. [Text] [Sofia Domestic Service in Bulgarian 1830 GMT 16 Feb 86 AU] /12913

ENVOY TO SRI LANKA, NEPAL--The State council releases Tocho Kiryakov Tochev from the post of Bulgarian ambassador extraordinary and plenipotentiary to the Republic of Sri Lanka and the Kingdom of Nepal. By the same decree Aleksandur Stanoev Tonev is appointed Bulgarian ambassador extraordinary and plenipotentiary to the Republic of Sri Lanka and the Kingdom of Nepal. [Text] [Sofia RATBONICHESKO DELO in Bulgarian 5 Feb 86 p 2 AU] /12913

CSO: 2200/80

POLITICS

POLAND

BRIEFS

ACADEMY OF SOCIAL SCIENCES MEETING--The Senate and Executive Board of the Academy of Social Sciences met on 5 February 1986. Previous activities were discussed as well as the academy's tasks in the upcoming period, with particular consideration given to the preparation for the 10th party congress. Central Committee Secretary Professor Henryk Bednarski thanked the current academy rector, candidate Politburo member Professor Marian Orzechowski, for his contribution to the creation, organization, and administration of the academy. Bednarski also briefed the participants on decisions of the Politburo, ratified by the 24th Plenum of the PZPR CC, resulting in the appointment of Professor Jarema Maciszewski as rector of the academy and of Professor Bronislaw Ratus as deputy rector. Wladyslaw Honkisz, director of the Personnel Policy Department of the PZPR CC, also participated in the meeting. [Text] [Warsaw TRYBUNA LUDU in Polish 6 Feb 86 p 2] /6091

PZPR PERSONNEL POLICY PROBLEMS--Personnel policy department directors of the provincial committees met in conference in the Party Training Center of the PZPR CC in Warsaw. The meeting was called to discuss the problems affecting the implementation of party personnel policy. The participants reviewed the record of accomplishment in complying with the provisions set forth in the document "Underlying Premises of PZPR Personnel Policy," they exchanged views on lessons learned in this regard at the provincial party level, and identified tasks which need to be dealt with in the period leading up to the 10th party congress. Particular attention was paid to the role, significance, and responsibility of senior party personnel in the process of the nation's socioeconomic development. The meeting was chaired by Wladyslaw Honkisz, director of the PZPR CC Personnel Policy Department. [Text] [Warsaw TRYBUNA LUDU in Polish 6 Feb 86 p 2] /6091

PRODUCTION PLEDGES FOR 10TH CONGRESS--The work crews of the Lenin Shipyards in Gdansk, on the initiative of the factory party organization, have agreed to observe the upcoming congresses of the fraternal parties (the CPSU 27th Congress and the PZPR 10th Congress) with production pledges. With the passing of this resolution, the socio-political shipyard aktiv, during its inaugural meeting at the largest factory of the Polish shipbuilding industry, launched the pre-10th congress campaign. At the same time, the Gdansk shipyard workers appealed to the crews of production factories named after distinguished leaders of the international workers movement, and to the workers in factories involved in joint efforts with the shipbuilding industry,

to launch similar initiatives. At the invitation of the shipyard workers, Stanislaw Bejger, Politburo candidate member and first secretary of the Gdansk PZPR Provincial Committee, and Iwan Tkaczenko, Soviet consul general in Gdansk, participated in the proceedings. [Text] [Warsaw ZYCIE WARSZAWY in Polish 6 Feb 86 p 2] /6091

GOMULKA BIRTHDAY COMMEMORATED--Residents of Krosno--the family home of Wladyslaw Gomułka--celebrated the 81st anniversary of his birth. [Text] [Warsaw ZYCIE WARSZAWY in Polish 6 Feb 86 p 2] /6091

FILM INDUSTRY ISSUES DISCUSSED--The minister of art and culture, Kazimierz Zygulski, met with the Presidium of the Executive Administration of the Polish Film Association on 6 February 1986. At this meeting they appraised the current status of the film industry and also discussed the most important issues of concern to the industry. [Text] [Warsaw TRYBUNA LUDU in Polish 7 Feb 86 p 2] /6091

PARTY DRAFT PROGRAM DISCUSSION--On 5-6 February 1986 the PZPR CC Ideological Department conducted a seminar devoted to the draft of the Party Program. CC lecturers took part as well as seminar-leaders from the provincial committees. In their meetings with the commission members engaged in formulating the draft, they discussed the draft's fundamental contents as well as its methodological foundations. [Text] [Warsaw TRYBUNA LUDU in Polish 7 Feb 86 p 2] /6091

CULTURAL-SCIENTIFIC CONTACTS WITH ALGERIA--Algiers (PAP)--A program between the governments of Poland and Algeria implementing cultural and scientific agreements for the period 1986-88 was signed here on 5 February 1986. The program defines the direction of future cooperation in the areas of science, culture, and education. It refers to an exchange of cultural performances, a strengthening of academic contacts, and increased development of scientific exchanges. [Text] [Warsaw TRYBUNA LUDU in Polish 7 Feb 86 p 7] /6091

CULTURAL AGREEMENT WITH VIETNAM--Hanoi (PAP)--PAP correspondent Stanislaw Grzymyski writes that Deputy Minister of Foreign Affairs Jan Majewski visited Vietnam from 5 to 7 February 1986. He held talks with Deputy Minister of Foreign Affairs Hoang Bich Son, and he was received by Deputy Premier Vo Nguyen Giap and also by Minister of Foreign Affairs Nguyen Co Thach. The subject of the talks was the issue of Polish-Vietnamese relations, characterized by a strong development and intensification of cooperation in several areas. The further development of this cooperation was indicated during the course of these discussions. Deputy Ministers Jan Majewski and Hoang Bich Son signed an agreement promoting cultural and scientific exchanges between Poland and Vietnam for the period 1986 to 1990. [Text] [Warsaw TRYBUNA LUDU in Polish 7 Feb 86 p 7] /6091

PZPR SECRETARY VISITS COTTON MILL--Jan Glowczyk, Politburo candidate member and PZPR CC secretary, visited the largest cotton manufacturing plant in Poland, the J. Marchlewski Cotton Mill in Lodz. There he met with the political-economic aktiv, the workers' council, representatives of the trade unions, and the Factory Administration of the Union of Socialist Polish Youth.

The main topics of the meeting were the participation of party members and candidates in discussions leading up to the 10th party congress and the ways in which they can be made more socio-politically involved. [Text] [Warsaw ZYCIE WARSZAWY in Polish 7 Feb 86 p 2] /6091

WARSAW DELEGATION IN MOSCOW--Moscow (PAP)--PAP correspondent Slawomir Popowski writes that a delegation of Warsaw party and local government authorities has completed a 2-day visit to Moscow. This delegation included Janusz Kubasiewicz, first secretary of the PZPR Provincial Committee, Mieczyslaw Debicki, mayor of Warsaw, as well as Mieczyslaw Szostek, chairman of the Warsaw People's Council. On Wednesday [5 February 1986] they met with representatives of Moscow's party and local administration, including Boris Yeltsin, secretary of the CPSU CC and secretary of the Moscow City Committee. Also present was Valeriy Saikin, chairman of the Executive Board of the Moscow City Committee. One of the topics of discussion centered around preparations in both capitals for their respective party congresses. In addition, the course of development of future cooperation between Moscow and Warsaw was agreed upon. [Text] [Warsaw RZECZPOSPOLITA in Polish 7 Feb 86 p 9] /6091

POPE SENDS HOSPITAL GIFT--The Plock Voivodship Hospital Center received a gift from Pope John Paul II of modern diagnostic equipment. The gift, a "Soline" ultrasonograph made by the Siemens company, is used for non-invasive examination of certain internal organs, e.g. the liver, kidneys, and pancreas. Bishop Zygmunt Kaminski, the apostolic administrator of the Plock diocese, gave the equipment to the director of the hospital in the Pope's name on 3 January. Last month the Plock Voivodship Hospital received an infant gastrofiberscope as a gift from the Polish Primate. [Text] [Warsaw PRZEGLAD KATOLICKI in Polish No 6, 9 Feb 86 p 4] /12913

POLISH NATIONAL CATHOLIC CHURCH ACTIVITY--Kazimierz Morawski, member of the Council of State and ChSS [Christian Social Association] president, met with Tadeusz Ryszard Majewski, head of the Synodic Council and bishop of the Polish National Catholic Church. They discussed questions concerning the activity of Polish Christians in the areas of ecumenism, peace and socio-civic action. They stressed the importance of tolerance and of principles which express respect for differing beliefs and attitudes in social and religious life as permanent and irreversible values in strengthening national understanding and civic cooperation. The head of the Polish National Catholic Church in Poland reported on the activities of the church with particular view to the extensive donations of medical equipment made abroad to hospitals in Poland. [Text] [Warsaw ZYCIE WARSZAWY in Polish 8-9 Feb 86 p 2] /12913

PZPR PERSONNEL POLICY TALKS--A conference of personnel and education department directors from ministries and central offices and headquarters of cooperative unions was held at the Party Training Center of the PZPR CC in Warsaw. The participants evaluated progress made toward implementing the provisions set forth in "Underlying Premises of PZPR Personnel Policy." They also specified recommendations and tasks aimed at making current programs work more efficiently. Reference was made to the need to encourage senior party personnel to play a more aggressive role in the area of economic affairs. The responsibilities of senior party personnel in the struggle against symptoms of social pathology were underscored, as was their special role in activities geared toward the moral renewal of society. The meetings were chaired by Wladyslaw Honkisz, director of the PZPR CC Personnel Policy Department. [Text] [Warsaw TRYBUNA LUDU in Polish 8-9 Feb 86 p 2] /12913

OPOLE PARTY AKTIVS MEET--Party and social aktivs met at the provincial party headquarters in Opole to discuss and identify ways to combat pathological symptoms and negative phenomena in Polish life. Jozef Baryla, Secretary of the CC PZPR, provided the discussion summation. [Text] [Warsaw ZYCIE WARSZAWY in Polish 8-9 Feb 86 p 2] /12913

METALWORKING PLANT HOSTS MEETING--The socio-political aktiv at the H. Cegielski metal-working plant in Poznan received a briefing on the course and types of preparations for the 10th Party Congress, as well as a work schedule for the upcoming months. New party members received their membership cards during the course of the meeting, which was also attended by Stanislaw Kalkus, PZPR CC Politburo member and worker at the H. Cegielski plant. [Text] [Warsaw ZYCIE WARSZAWY in Polish 8-9 Feb 86 p 2] /12913

CSO: 2600/285

POLITICS

ROMANIA

DECREE ON REORGANIZATION OF MINISTRY OF FOREIGN TRADE

Bucharest BULETINUL OFICIAL in Romanian Part I No 7, 7 Feb 86 pp 1-2

[Council of State Decree Amending Decree No 164/1979 on the Organization and Operation of the Ministry of Foreign Trade and International Economic Cooperation]

[Text] The Council of State of the Socialist Republic of Romania decrees:

Article 1. As of the date of the present decree, Article 21 of Decree No 164/1979 on the organization and operation of the Ministry of Foreign Trade and International Economic Cooperation will be amended and will have the following content:

"Article 21. The Ministry of Foreign Trade and International Economic Cooperation has the following organizational structure:

- "a) The directorate for the foreign trade plan and the monitoring of the signing and implementation of foreign contracts;
- "b) The directorate for prices and for the effectiveness of foreign trade operations;
- "c) The directorate for hard currency;
- "d) The directorate for the USSR;
- "e) The directorate for the socialist countries which are CEMA members;
- "f) The directorate for the socialist countries which are not CEMA members;
- "g) The directorate for Western Europe;
- "h) The directorate for Africa;
- "i) The directorate for the Middle East;
- "j) The directorate for Asia and Oceania;

"k) The directorate for North America;

"l) The directorate for Latin America;

"m) The directorate for agreements, contracts, international economic organizations, transportation and juridical matters;

"n) The directorate for the authorization of export and import and for the monitoring of the realization of the supply of goods for export by heavy industry and the machine-building, electrical engineering, metallurgical, extractive, and electric power industries;

"o) The directorate for the authorization of export and import and for the monitoring of the realization of the supply of goods for export by the chemical and petrochemical industries, by light industry and the wood industry, and by agriculture, the cooperatives and the food industry;

"p) The department for international economic cooperation:

--The directorate for joint companies and the coordination of the activity of international cooperation;

--The directorate for the export of complex installations, international bidding and technical assistance;

"r) The directorate for organization and control;

"s) The directorate for personnel, education and remuneration;

"t) The economic, administrative directorate and the secretariat.

"The organizational structure for the work branches and the maximum number of positions in the apparatus of the ministry are specified in attachments Nos 1 \*), 1 a) \*) - 1 f) \*) and 2 \*), which are an integral part of the present decree."

Article 2. The provisions of Article 2 of Decree No 409/1976 regarding the stipulation of measures as a result of the improvement of the organizational structure of the ministries and of other central organs continue to apply to the Ministry of Foreign Trade and International Economic Cooperation.

Article 3. The provisions of Decree No 367/1980 on measures for the rational utilization of personnel from socialist units, the validity of which was extended by Decree No 420/1985, do not apply for a period of 6 months to positions in the apparatus of the ministry, as well as to positions in units to which and from which personnel are transferred as a result of the application of the provisions of the present decree.

Nicolae Ceausescu, President of the Socialist Republic of Romania

\*) The attachments are being transmitted to the institutions concerned.

Bucharest, 6 February 1986

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CSO: 2700/103



POLITICS

ROMANIA

PEOPLE'S COUNCILS', AGRICULTURAL OFFICIALS APPOINTED

Bucharest BULETINUL OFICIAL in Romanian Part I No 7, 7 Feb 86 p 3

[Presidential Decree on Some Appointments to the Position of Deputy Chairman of the Executive Committee of the County People's Councils]

[Text] On the basis of Article 97 of Law No 57/1968 on the organization and operation of the people's councils, the President of the Socialist Republic of Romania decrees:

Sole article--The following are appointed to the position of deputy chairman of the executive committee of county people's councils and director general of county general directorates for agriculture:

--Mihai Radu, deputy chairman of the executive committee of the Arad County People's Council.

--Vasile Duta, deputy chairman of the executive committee of the Arges County People's Council.

--Eugen-Florin Nitura, deputy chairman of the executive committee of the Botosani County People's Council.

--Radu Becleanu, deputy chairman of the executive committee of the Braila County People's Council.

--Sandu Lambru, deputy chairman of the executive committee of the Buzau County People's Council.

--Mircea Prunariu, deputy chairman of the executive committee of the Gorj County People's Council.

--Ion Avram, deputy chairman of the executive committee of the Ialomita County People's Council.

--Elisabeta Marina, deputy chairman of the executive committee of the Neamt County People's Council.

--Elena Sbircea, deputy chairman of the executive committee of the Prahova County People's Council.

--Ioan Simutiu, deputy chairman of the executive committee of the Satu Mare County People's Council.

--Livia Podar, deputy chairman of the executive committee of the Salaj County People's Council.

--Rodica Lesanu, deputy chairman of the executive committee of the Suceava County People's Council.

--Marcel Urechescu, deputy chairman of the executive committee of the Timis County People's Council.

--Eleonora Moga, deputy chairman of the executive committee of the Tulcea County People's Council.

--Vasile Nucuta, deputy chairman of the executive committee of the Vaslui County People's Council.

Nicolae Ceausescu,  
President of the Socialist Republic of Romania

Bucharest, 6 February 1986  
No 17

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CSO: 2700/103

POLITICS

ROMANIA

BRIEFS

PRESIDENTIAL APPOINTMENT--The President of the Socialist Republic of Romania decrees that Comrade Neculai Agachi is appointed first deputy chairman of the Central Council for Worker Control of Economic and Social Activity. [Excerpts]  
[Bucharest BULETINUL OFICIAL in Romanian Part I No 7, 7 Feb 86 p 2] /6091

CSO: 2700/103

POLITICS

YUGOSLAVIA

'IRREDENTIST' SENTENCED FOR DEMONSTRATING IN SWITZERLAND

LD271651 Belgrade TANJUG Domestic Service in Serbo-Croatian 1542 GMT 27 Feb 86

["Irredentist Sentenced"--TANJUG headline]

[Text] Vranje, 27 Feb (TANJUG)--The grand criminal tribunal of the District Court in Vranje, presided over by Ekrem Islami, has sentenced Faik Junuzi (37) from the village of Breznica near Bujanovac [in southern Serbia] to 5 years' imprisonment for taking part in demonstration by greater Albanian extremist emigres in Geneva and Zurich. By taking part in the demonstrations in these Swiss towns, Faik Junuzi committed the criminal act of posing a counterrevolutionary threat to the sociopolitical system of the SFRY, which is punishable under the criminal law of the SFRY.

According to the indictment and the admission of the accused in court, Faik Junuzi took part in the demonstrations in Geneva and Zurich in 1981. On these occasions he carried a banner on which was written "Kosovo Republic." Other banners read "Stop the terror in Kosovo" and "Down with Yugoslav fascism." According to Junuzi's admission, the demonstrations lasted for more than an hour.

In the same year, Faik Junuzi and a group of greater Albanian extremist emigres and irredentists attempted to take part in similar demonstrations in Bonn, but were prevented from doing so by the police.

When he returned home from abroad some time ago, Faik Junuzi was placed in detention.

The investigative organs found an album of photographs and several cassettes of songs containing hostile content in his home.

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CSO: 2800/183

POLITICS

YUGOSLAVIA

SERB IN EXILE BELIEVED KIDNAPPED IN VIENNA

AU242143 Vienna DIE PRESSE in German 22-23 Feb 86 p 16

[Special DIE PRESSE report by "ST"]

[Text] Vienna--At the beginning of this week a Serb living in exile in Vienna has disappeared in Vienna under mysterious circumstances. Friends and relatives fear that he might have been kidnapped. State Security police have launched an investigation; reportedly they have not discovered any proof to date.

The man who disappeared is 68-year-old Johan Caricic from Vienna-Donaustadt, a Serb by birth who was sentenced to death in Yugoslavia after the war as a former officer of the Serbian Army. After he was pardoned, he spent 10 years in jail in Yugoslavia before he came to Austria in the late 1950's.

Until recently he ran a forwarding business in Austria, but in addition he has played an active role in the movement of Serbs in exile. Among other things, he was president of the Serbian-Orthodox Church community in Vienna, and worked until recently for foreign exile newspapers.

Caricic has repeatedly received anonymous threats, warning him to "keep quiet" and to stop his political activities, but he refused to let himself be intimidated. In 1981 he was brutally beaten up in the yard of his apartment house in Hans-Steger Gasse in Vienna, and was seriously injured.

Since last Monday [17 February] the Serb has been missing. In the afternoon he told his family that he was going to the tobacco shop, and did not reappear. While a police spokesman declared that Caricic had disappeared without leaving a trace, his relatives believe that the 68-year-old man was kidnapped, and that the Yugoslav secret service is behind it.

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CSO: 2800/182

POLITICS

YUGOSLAVIA

DAILIES DIFFER IN REPORTING JONANOVIC SPEECH

AU070851 [Editorial Report] Belgrade BORBA in Serbo-Croatian on 1-2 February on page 6, Belgrade POLITIKA in Serbo-Croatian on 1 February on pages 5-6, and Pristina RILINDJA in Albanian on 1 February on pages 1 and 5-6 carry reports on the discussion of the emigration of Serbs and Montenegrins from Kosovo held in the Federal Chamber of the SFRY Assembly on 31 January, providing varied reports on the speech of Batric Jovanovic, delegate from Montenegro.

In a 600-word report on Batric Jovanovic's speech, BORBA states that:

"According to a report in KNJIZEVNE NOVINE of 15 January 1986, a gathering of about 400 veterans of Kosovo-Metohija partisan brigades who live in Belgrade was held in Belgrade on 12 December 1985. The president of the Provincial Committee of the LC of Kosovo [Kol] Siroka] and representatives of the Veterans Federation of Serbia, Kosovo, and Belgrade also attended. The following resolution was passed by acclamation: 'The veterans assess that the process of differentiation among the most responsible cadres of Albanian nationality has not even started, despite the LCY Central Committee Platform on Kosovo. The Assembly of the Socialist Autonomous Province of Kosovo is called upon to insist on the legal responsibility of persons guilty of violating the constitutional rights of Serbs and Montenegrins.' Batric Jovanovic then recalled that several prominent Kosovo-Metohija communists, such as the Jovo Sotra, Kadri Reufi, and Milos Sekulovic, offered resistance to the anti-Yugoslav and Great Albanian policy of a part of the former Kosovo leadership. Therefore, they were unjustly disqualified morally and politically, but they have not been rehabilitated to this day. What is more, the people who are most responsible for beating down the said communists continue to be high officials, and therefore it is necessary to include in the conclusions a provision that the Federal Chamber believes that it is necessary to rehabilitate most urgently the persons who were victims of the former Kosovo leadership."

POLITIKA in its 400-word report on Batric Jovanovic's speech, renders this passage as follows:

"Having mentioned a recent gathering in Belgrade attended by 400 veterans from Kosovo at which it was requested that Fadilj Hodza be held responsible for the escalation of Albanian chauvinism, Jovanovic proposed that the conclusions should incorporate a provision according to which the chief perpetrators in this situation in Kosomo should be called to account, and the sanctions against indoctrinated youths should be mitigated.

"According to him, one of the conclusions should be that the Kosovo assembly should annul the stands of the Bujan conference held at the end of 1943 and the beginning of 1944. This conference is now celebrated in Kosovo, but not the reunification of Kosovo and Serbia. He also proposed that in order to strengthen equality, a chamber of peoples and nationalities be introduced in all assemblies where there are several nationalities."

RILINDJA in a 500-word report on the speech of Batric Jovanovic, reports this section of his speech as follows:

"Continuing, Jonanovic, reports this section of his speech as follows:

"Continuing, Jovanovic said that the veterans of the Belgrade meeting observed that there are still some individuals in the provincial leadership who had connections with, or maintained positions of, Albanian irredentism and separatism. For this reason he proposed that there be incorporated in the conclusions of the meeting the point that 'it is necessary to hold legally and politically responsible the chief perpetrators of the mistaken policy in Kosovo up to 1981, and substantially to reduce the pressure of sanctions against indoctrinated young people.'"

RILINDJA reports that Jovanovic also commented upon the anomaly that the flag of the People's Socialist Republic of Albania was permitted to be used by Albanians in Kosovo, and further notes: "In this context, Jovanovic introduced the equality of languages and alphabets, and demanded that the cyrillic alphabet in Kosovo, as is proper, as the alphabet of the Serbs and Montenegrins, should earn the treatment it deserves. Finally he proposed that this chamber should consider the situation every two months in connection with the emigration of Serbs and Montenegrins from Kosovo."

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POLITICS

YUGOSLAVIA

FADILJ HODZA NAMED AS RESPONSIBLE FOR KOSOVO IRREDENTISM

AU012056 [Editorial Report] Belgrade Domestic Service in Serbo-Croatian at 1800 GMT on 31 January carries a 5-minute report on the 31 January discussion in the SFRY Assembly Federal Chamber on emigration from Kosovo.

The Belgrade Radio report refers to the morning speech by Batric Jovanovic, "which provoked Aslan Fazlija's reaction in the afternoon. Among other things, Batric Jovanovic quoted the conclusions of the gathering of 400 Kosovo veterans who live in Belgrade. It is said in these conclusions that Fadilj Hodza bears the greatest responsibility for the irredentist escalation in Kosovo. He therefore proposed that the main culprits for the erroneous policy be called to political and criminal responsibility.

"Aslan Fazlija said that one cannot bypass the League of Communists, and he stressed that the veterans include some who do not agree with the party. Fazlija rejected Batric's thesis about the need to rehabilitate the persons who pointed out errors, saying that this, too, is a matter for the League of Communists. Fazlija also disputed Jovanovic's characterization of the Bujane conference and said that it has no connection with emigration and that no official organ has rejected this conference. Fazlija in conclusion proposed that the Federal Chamber should dissociate itself from Batric Jovanovic's proposal."

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CSO: 2800/182



POLITICS

YUGOSLAVIA

DRAGOSAVAC, BILIC DIFFER ABOUT LC DEFINITION

AU082055 Belgrade BORBA in Serbo-Croatian 5 Feb 86 p 2

[Seada Vranic article: "Does Unity Obstruct Unity?"]

[Excerpts] The reservation expressed at the latest session of the Central Committee of the LC of Croatia by Marko Lolic, member of the LCY Central Committee, referring to the definition of the LC of Croatia as an "independent and unified organization in a unified LCY" considerably contributed to an atmosphere of a very critical and frank discussion about the amendments to the Statute of the LC of Croatia. Lolic resented that this definition shifts the stress from LCY unity--which was particularly insisted upon by the public discussion of the draft conclusions of the 13th LCY Central Committee session--to independence, which in essence leads to a federalization of the LC.

Nine Questions Or --.

An even more explicit doubt as regards the said definition was expressed by Dusan Dragosavac, member of the LCY Central Committee Presidium, who said that this formula in fact legalizes nine Leagues of Communists, which would not only be unified but also independent. Such a formula (which is proposed both for the LCY Statute and for the statutes of the republican and provincial LC organizations) cannot withstand serious Marxist criticism, and is not in conformity with the basic premises of the Croatian LC Program. It tends to some extent to identify the party and the state, pushing the LC into the state and the nation.

In the modern world, particularly in societies as ours, the question of the right of a nation to self-determination and to secession is constantly being posed. At the same time, the struggle for the other thing, for unity, is also strongly pronounced. One stresses not only autonomy but at the same time also interdependence. Unity, one knows, may be realized exclusively on equality.

Specifically in the LC, Dragosavac added, unity is being realized on the basis of its program and the unified statute foundations which, however, offer sufficient scope for initiative that should not be an obstacle to unity but should enrich our practice.

Jure Bilic, member of the LCY Central Committee Presidium, also referred to this question in his speech. He recalled that the LCY Statute previously contained the wording that the LC's of the republics and provinces unite in the LCY. It is a historical fact, Bilic said, that a unified party was set up in 1919, but in 1937 we began creating national parties. Therefore, the present LCY unity is not the unity that existed in 1919, but unity which incorporates independent organizations in the republics and provinces. Particularly since the 1974 Constitution, we have gone further in the elaboration of the concept of unity and independence, and this especially relates to the provinces.

#### ...Eight Parts of a Whole

The wording which has been arrived at, according to Bilic, has not come about only under the pressure of the leadership of the LC of Serbia for unity within the LC of that republic, or under the pressure of unclarified relations between the LC of this republic and the party leaderships in the provinces. The starting point, in fact, was that unity must exist in the basic organizations and also in the communal, provincial, and republican organizations, as well as in the LCY, on the basis of the LCY program and policy.

It is a moot point, after all, Bilic said, whether this is federalism; however, the intention was not federalization, but unity as regards the adoption and the implementation of policy. There can be no unity in the LCY if there is disunity in the LC of Croatia or if the relations within the LC of Serbia are disputed.

The different views which this time were manifested about the definition of the republican and provincial LC organizations should not be regarded in advance as something that should not happen in the LC. Even the fact that differences were manifested among the members of the same--in this case the highest--party leadership should not be regarded negatively. It is true, however, that much public criticism has recently been addressed at the disunity in the leaderships, which undoubtedly has wide repercussions on the relations and the situation in the LC. In his time even Mitja Ribicic, when he was president of the LCY Central Committee Presidium, publicly cited this organ and spoke very critically about the disunity manifested immediately after the 12th LCY Congress which could have dire consequences.

As regards the concrete wording, we believe that it is good that the question of relations in the LCY should be thoroughly discussed until the party congresses and that all the arguments be voiced publicly and loudly. Even the fact that the abovementioned definition of the republican and provincial organizations of the LC is backed by two commissions, and even by the LCY Central Committee Presidium, should not prevent opposite views from being expressed, particularly since the discussion will run up to the 13th congress and what is at stake is probably the most sensitive question in the LCY. It is sensitive because the warnings about the deeper and deeper penetration of federalism in the LCY are not overblown.

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POLITICS

YUGOSLAVIA

HASANI BOOK ON KOSOVO PUBLISHED

LD242117 Belgrade TANJUG Domestic Service in Serbo-Croatian 1655 GMT 24 Feb 86

[Summary] Belgrade, 24 Feb (TANJUG)--At the international press center in Belgrade a book by Sinan Hasani, the well-known author and vice president of the SFRY Presidency, entitled "Kosovo, Istina i Zablude" [Kosovo, the Truth and Misconceptions] was launched. The book is published by the Zagreb Center for Information and Publicity and was reviewed by Koca Joncic, Dusan Bilandzic and Rahman Dedaj. According to Koca Joncic, the author of the book addressed himself mainly to the theme of intranational relations in Kosovo in a very objective, critical and Marxist way, assessing, with poignancy and objectivity, above all the situation in his own nation, greater Albanian nationalism and irredentism. Sinan Hasani has reviewed with particular success the variegated mosaic of hostile organizations, their exponents and aims, the forms of their activity and their historic destiny.

"My main objective in writing the book was to use the counterrevolutionary events in Kosovo to draw attention of socio-political organizations in Kosovo and further afield to the need for investing even more efforts in promoting and consolidating the fundamental achievements of our revolution," Sinan Hasani said.

"Hasani went on to stress that, except centers connected with Albania and hostile emigres, the research so far had failed to uncover a common center of the enemy's activity in Kosovo itself. If this is the case, he added, then there is no room for some well-meaning people's belief that the centers must be inside the country. It is unacceptable, malicious and unnecessary to insist on such an attitude and to seek the enemy's leaders among the leading personalities of Albanian nationality in the LCY. It is not impossible that somebody from the enemy's camp finds its way into the League of Communists; it is, however, wrong and unacceptable to look for the enemy exclusively within the LC ranks.

"The book also raises the question as to what is to be done next. For 5 years now the LC and working people in Yugoslavia, the Socialist Republic of Serbia and in Kosovo have been waging a determined struggle against Albanian nationalism and irredentism. Regardless of some mistakes, the struggle has

yielded significant results in the efforts to put an end to the enemy's activity, to expose it ideologically and politically and to end the emigration of Serbs and Montenegrins from Kosovo. Socio-political actions in Kosovo must be directed towards achieving greater results in the economic activity, raising productivity, using capacities rationally and increasing exports. In addition, the entire Yugoslav community, and some of sections, in particular, must assume an even more responsible attitude towards Kosovo, Sinan Hasani said."

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CSO: 2800/182

15 March 1986

POLITICS

YUGOSLAVIA

## TANJUG CITES SOVIET THEORIES ON WAR, PEACE

LD211818 Belgrade TANJUG in English 1638 GMT 21 Feb 86

[Text] Moscow, February 21 (TANJUG)--The biggest war danger does not come from the capitalist system as a whole, but from the "policy of aggressive imperialist circles." Dissociating from them are the "soberheaded and reasonable" members of the bourgeoisie who are aware that in our time there can be no winner once the nuclear force is used and who feel that the arms race narrows the possibilities of their accommodation to new conditions.

In this way the new programme of the CPSU and modern Soviet political thought explain the rapprochement and cooperation between the international workers' and Communist movement and the Socialist International. This question and the problems of war and peace are among the main themes of the Soviet analyses prepared for the 27th Congress of the Communist Party of the Soviet Union.

Soviet theoreticians studying the relationships between socialism, peace and war point to the danger of some ultra-leftist theories claiming that capitalism cannot renounce the arms race, i.e., that stable peace cannot be achieved as long as capitalism exists. Soviet political thought points out that similar theories are fraught with adventurism of the artificial instigation of revolutionary process and prevent the joint struggle for peace of all world forces opposed to war, regardless of their political orientations.

The example of neutral European countries--Finland, Austria and Switzerland--is being cited as a proof that "in principle, there is a possibility of capitalism developing without an arms race and militarization of the economy."

The analyses point out that the steady growth of prestige in the world of the movement of nonalignment is a major obstacle to capitalist expansionism. In capitalist countries themselves, a growing antiwar potential is becoming included in the mass antiwar movement, which was described as a "long-term influential factor of social life."

In particular, Soviet theoreticians reject the so-called theory of "equal responsibility" of the United States and the Soviet Union and of their military blocs for world tension and the arms race.

To the Soviet Union, this is an untenable theory because it proceeds from a "simplified picture of international affairs, overlooks the socio-economic character of social relations and boils down to formal international state activities."

According to the analyses here, this theory has been denied by numerous Soviet peace initiatives. Nevertheless, it remains dangerous because it "conceals the actual focuses of crisis and contradicts the essential nature of the course of imperialism and socialism."

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CSO: 2800/182

POLITICS

YUGOSLAVIA

VIDOJE ZARKOVIC RADIO INTERVIEW

LD091131 Belgrade TANJUG Domestic Service in Serbo-Croatian 1115 GMT 8 Feb 86

[Text] Belgrade, 8 Feb (TANJUG)--Despite all the oscillations, hold-ups, difficulties, obstacles, and wrong roads taken, the hopes and expectations of my generation's youth for the distant future, about the new Yugoslavia, have not been dashed. This is how Vidoje Zarkovic, president of the LCY Central Committee Presidium, prominent revolutionary, wartime fighter under Tito and well-known sociopolitical worker, begins his recollections and evaluation of the most important events of the past 40 years in the development of the LC and of Yugoslavia in a lengthy interview to Milos Jevtic, editor of Radio Belgrade's second program.

A land which once was no more than pocket change in the settling of accounts between its foreign overlords has grown into a free country whose reputation in the world and contribution to peace and equitable international cooperation is enormous, a country which has become the most loyal comrade and friend of all who are fighting for their freedom. I read recently that some researchers in Canada determined that in the United Nations, Yugoslavia takes sixth place in influence on world politics, an exceptional honor for our country.

Of course, said Zarkovic, actual trends have not always coincided with the plans for a new society created in the wartime period in the heads of the young Communists of the generation to which I belong. We thought we would be able to realize very quickly everything we wanted to once power fell into the hands of the Communists. Later we realized, some sooner and others later, the hard and often hostile reality of the material limitations.

I do not mean, Zarkovic added, to belittle the severity and seriousness of the problems our society faces today. I wanted to emphasize the undeniable fact that in our present difficulties it is not infrequently forgotten that this 40-year period is the most significant and, in its achievements, the richest epoch in the history of our nations and nationalities. We began the epoch in ashes and ruins, on the foundation of great poverty and great pressures on the freedom of the newly created country.

I believe, Zarkovic emphasized, that despite all the weaknesses we can be satisfied with what we have achieved. It goes without saying that there is still much to be done to realize the revolutionary ideals, plans, and visions of the LCY for building a new society. There is much work to be done and there will be more for future generations.

Speaking about the split with the USSR in 1948, Zarkovic said: It is well known that the Communist Party of Yugoslavia educated its members and working people with enormous enthusiasm and sincerity in the spirit of love for the USSR, as the first country to begin the era of building socialism, the country which bore and suffered the greatest burden in the destruction of fascism, a country which is the sincere comrade and friend of our nation and all nations fighting for freedom and a better life. For this reason, what happened in 1948 was indeed, at least for us young people, surprising, unexpected, shocking. From those quarters we did not expect any kind of attack, but rather assistance if anyone attempted to threaten our freedom and independence.

Prior to the Cominform resolution I was acquainted with the letters exchanged between our Central Committee and the CPSU Central Committee; but news of the resolution itself reached me on a train in Czechoslovakia. As a commissar in a unit of the Navy I was on my way to Prague for a major sporting event. As we know, RUDE PRAVO was first to publish the resolution and I read it, I remember, somewhere just before Bratislava.

I remember, too, that after the publication of the resolution the attitude of our hosts toward us cooled remarkably quickly. For me and my comrades in the naval command where I was serving, there were no problems or dilemmas over the stand we took. There were none for the simple reason that we were convinced, reading the resolution and following the campaign against us which immediately ensued, that the accusations against our party and country were founded on lies and slander.

As we know, there followed an economic blockade and the most furious propaganda which did not desist from claiming that our revolution had even been organized by the Gestapo. They went so far as to claim that troops [not further specified] had been massed on our borders. We experienced these attacks on our party and our country as a great insult to our revolution, an insult to our fallen comrades who remained on battlefields throughout the country.

The Communist Party was not destroyed then. The people were not separated from the party and the leadership. In the face of this slander our ranks closer even further. Only a few individuals fell by the wayside. None did so among my sailors in Prague. We were dismayed by such individuals because we realized that they were doing this mainly out of careerist or dishonorable reasons. They expected the victory of the powerful Stalin, and wanted to make sure they were found on the side of the victor and would profit by higher positions.

It is true, there were individuals who wavered out of confusion at the situation which had arisen. We tried to help them, to keep them with us, although



perhaps in some cases we were not sufficiently patient and persistent. Any provocation which could be used as an excuse for armed attacks had to be prevented, Zarkovic recalled.

At first we thought that it was a question of a great intrigue by someone against the Yugoslav Communist Party, an intrigue which Stalin had been taken in by, but gradually we began to realize that a far deeper problem was involved: Stalin's hegemonistic policy. He was annoyed by the Yugoslav Communist Party precisely because it was at the head of an authentic revolution out of which grew a free and independent country which was nobody's satellite. We realized that it was a question of disagreement over the forms and paths of building socialism which were appropriate to the specific conditions of our country and the needs of our peoples.

And in these difficult and complex moments our party tirelessly endeavored not to let anti-Sovietism develop because of the clashes with Stalinism which justifiably aroused our people's anger. As we know, it did not develop.

The arrival in Belgrade in 1955 of the Soviet delegation which publicly admitted that the Cominform resolution and the campaign against us had been a mistake, began the process of reviving friendly relations with the USSR and other East European and socialist countries on the well-known principles established in the so-called Belgrade Declaration.

These are the principles of equality, mutual respect, regard for sovereignty, noninterference in internal affairs, recognition of the responsibility of every party toward its own people, and so on. On these principles these relations developed strongly and are still developing today, because it is in the interests of our countries and our peoples, stressed Vidoje Zarkovic.

If we look at what happened in 1948 from a distance of nearly 40 years, we see the enormous historical importance of our decisive resistance to the pressure on the part of the Cominform, both from the point of view of our freedom and independence and from that of the development of relations in the international workers' and communist movement on new equitable principles. Many stands of the Communist Party of Yugoslavia which were interpreted at the time as heresy have today become generally recognized principles in relations between communist and workers' parties.

There are attempts made in our country today, Zarkovic noted, to write about those days and events in an extremely one-sided manner, simply from the viewpoint of the fate of individuals. They ignore the specific situation, they ignore the fact that those were moments when decisions were made on the fate of the country and the revolution, that strong reaction against individuals who were deserting at that time were inevitable. If this is now hushed up and ignored and all reduced simply to the fate of individuals, then a distorted, false picture is given of it all. The full truth should be told about that period, and it demands a complete approach which does not exclude possible mistakes against individuals.

Asked to assess the importance of the changes in the names, the Yugoslav Communist Party and the LCY, or rather the changes in the way of realizing their leading role in society, Zarkovic stressed that this move originated out of the LCY's desire to have the rule in the name of the working class increasingly transformed into the direct rule of these masses themselves. Developing and conceiving a new method of realizing its leading ideopolitical role in society, which was why it also changed its name, the party was in fact contributing to the more successful development of society as a whole.

The LCY saw that any imposition of decisions on self-managing organs and delegate bodies from any side, and even on the part of the LCY, would hinder the development of socialist self-management. However, the party also proceeded in these changes from the knowledge that the development of self-management would not be possible, nor successful, without the activity of the LCY, which would, as an integral part of the working class, speed up within the self-managing structures everything which is progressive in society and oppose all that would hinder and slow up the development of socialist self-management.

The transformation process of the LCY, however, has not yet attained objectives which would allow it to become the real vanguard of a new kind, in keeping with the new historic needs of the revolution. In these processes we are constantly coming into conflict with two unacceptable tendencies: a dogmatic one, which takes us back to the positions of a one-party system; and a liberalistic one, which in fact aims at abolishing the LC as a vanguard or suppressing it to the margins of social events.

From the point of view of historic and revolutionary experience our society is in fact still very young. We are building an original road of social relations which has been recognized in the world. Therefore, Zarkovic said, we cannot make use of other countries' experiences and this is why the road we are following is neither easy nor simple. We always had to carry out a critical analysis of our own experiences in order to draw a lesson from them, eliminate weaknesses and mistakes, and further develop the system of social self-management in keeping with our general orientations.

The development of self-management has from the very beginning been accompanied by some negative tendencies and deformations such as group-ownership relations, a division between rights and responsibilities, attack on social property, anomalies in distribution and the like. All this, Zarkovic said, was accompanied by the erosion of morale in our society. We must react to all this in due course in order to be able to go on.

In the continuation of his interview Vidoje Zarkovic talked about events from the early seventies--nationalism in Croatia, liberalism in Serbia, and the so-called dispute about the construction of roads in Slovenia. At that time various antisocialist--I would not call them forces--groups and individuals, became active. The LC and other progressive forces of our society resolutely opposed all this. Comrade Tito, as is known, personally stood up against all such phenomena and tendencies in the most vigorous manner. Tito's well-known letter mobilized all the progressive forces in our society, above all Communists, in a vigorous action aimed at preventing and eliminating such phenomena.

However, LC activity has not been restricted to immediate action against these tendencies. Alongside this the LC began large-scale activity involving the further development of our socioeconomic and sociopolitical system with the aim of reducing objective bases for countering such tendencies and similar ones and securing fresh steps toward the development of socialist self-management and the consolidation of the equality of our nations and nationalities. This was a period of great explorations and major reforms in this direction, characterized by the passing of constitutional amendments, the new Constitution, and a Law on Associated Labor. All these contributed to the development and consolidation of the fundamental principles of our society.

Speaking about Josip Broz Tito, who marked the birth and development of the socialist self-managing and nonaligned Yugoslavia with his revolutionary work, Zarkovic stressed that Tito was undoubtedly one of the most courageous fighters for peace, freedom, justice, and equality in the modern world. He added that we were aware of this when he was alive, while today it seems that the greatness and importance of his work is felt even more. Day after day we are assured in this and regardless of passing time we constantly feel the need to return to his work and to search and find guidelines and signposts in his visionary ideas for our further internal and international activities.

We must always be aware, particularly in today's complex social situation, of Tito's readiness and resolve to come to grips with all problems. Today, more than ever, emphasis is laid on the importance of his constant attempts to strengthen the unity of the LCY and its leaderships and the brotherhood and unity of our nations and nationalities as basic prerequisites for the further development of our socialist revolution.

I had the pleasure, Zarkovic said, not only of fighting under Tito's leadership, but also of knowing him personally, as a strategist, creator, man, and friend... [TANJUG ellipsis] Meeting with him always left me with an impression of dignity, courage, humanity, and nobleness. As only a few people do he had an unshakable faith in a working man and the creative force of working masses. He knew how to give meaning in a simple way to the true aspirations of our working class and our nations and nationalities and to fight for them with the persistence and perseverance of a Marxist, visionary, and hero.

There were always speculations about what would happen to Yugoslavia after Tito. These speculations, Zarkovic said, were in keeping with a popular proverb: One dreams about what one hopes will happen. These forecasters of the disintegration of Yugoslavia after Tito forgot that Yugoslavia was born from blood and from the deepest aspirations of our nations and nationalities, and that it is not some kind of a temporary or negotiable formation. They forgot that Tito became the essential part of our social body long ago and that he identified himself with our community, our working class, our path of internal socialist development, and our nonaligned foreign policy.

True, it is indisputable that Tito's departure left a great gap in our ranks. But we must overcome this gap and continue the successful development of socialist self-managing society, Zarkovic said, by relying on Tito's work and

by intensified and collective efforts. The fact that Tito left us during his lifetime a well-established system of collective work on the highest social and political level made it much easier for us to consistently carry on leading the country, the LCY, and the Armed Forces.

A part of the interview was also devoted to the nonaligned policy. Vidoje Zarkovic considers that its beginnings were not in 1961 when the first Non-aligned conference was held, but that this event was the logical result of our foreign policy to date. In this connection he recalled Tito's numerous journeys to countries of Africa and Asia. In Tito's speeches of that time the concept of nonbloc, in real terms nonaligned, policy was clearly established. For this reason, he stressed, we cannot talk of some kind of a complete change of events in our foreign-political orientation which occurred on 1 September 1961.

According to Zarkovic's assessment the greatest event in the development of nonaligned countries was the sixth summit in Havana in 1979. This meeting was of great importance for preserving the unity of the movement of the bases of its original principles. Tito's personal contribution was enormous. The summit, he recalled, paid a special tribute to Tito as the most prominent creator of the movement of the nonaligned countries and the nonaligned policy. Because of Tito, nonalignment became the reality of present-day mankind and the only choice in the bloc division of the world, with all the dangers arising from this division. For this reason nonalignment became the unshakable orientation of Yugoslavia's foreign policy.

The most important causes of the economic crisis in the country are found in our own mistakes and weaknesses in recent years. We should say here that self-management was not the only cause of the crisis, it being a system which is in itself a negation of the crisis because it ensures the highest degree of initiative, creativity, and the involvement of individuals and collectives in production and other fields. This was said by Vidoje Zarkovic, president of the LCY Central Committee Presidium, in his interview of Radio Belgrade's second program, in which most attention was devoted to topical economic and social problems and LC tasks in this connection.

Zarkovic noted that the crisis in recent years was caused by strengthened polycentric etatism which suppressed self-management and encouraged voluntarism, autarchy, isolationism, the weakening of the country's and the LCY's unity, the very slow adapting to changes in international economic relations and the like. This led to the invasion of the economy by noneconomic elements, the wasting of production potentials, the squandering of social ownership which turned group-ownership into private ownership. On the other hand, it led to an ever-increasing tendency to weaken the material basis of socialist self-management.

Those who only see causes of this kind and do not perceive it as part of global trends are making a mistake. If we overlook this, Zarkovic recalled, a wrong impression is created that everything would have been fine if the leadership had not made so many mistakes and in particular if we had not incurred so many debts. I do not, he added, negate the need to criticize either the

leadership and their mistakes or the unfavorable influence of over-indebtedness on our overall state of affairs.

In his reply to a question about how we can overcome such a situation, Zarkovic stressed that the answer is primarily in further and speedier development of socialist self-management. The answer is also in the increased collective efforts of working people aimed at raising labor productivity, exploiting existing capacities and working hours in a more profitable way, coordinating all aspects of consumption with the realistic potentials of economy and the like. In any case, there are no magic moves which can resolve these problems overnight. Therefore, we must act accordingly.

Regardless of the complexity of the problems, he pointed out, I think there should be no doubt that we will overcome this phase in our development thanks to the strength of the working class and all the working people and citizens of our country. Communists must resolutely fight against defeatism and demoralization caused by difficulties, as they always have, thus always managing to achieve what appeared to be impossible.

Continuing the interview, the president of the LCY Central Committee Presidium did not agree with an assessment that no results were achieved in implementing the long-term program of economic stabilization. The very serious problems we face--a high rate of inflation, a fall in the standard of living, the exacerbation of liquidity and others--he warned, give the impression that nothing has been achieved of what was envisaged by the Stabilization Program. However, this impression is incorrect.

We adopted, although with serious delays, a large number of economic and systematic changes, passed the medium-term plan, achieved certain results in settling the country's balance of payments, significantly increased the covering of imports by exports, and secured a certain amount of surplus in the foreign exchange balance. This secured a more regular payment of a part of debts incurred through foreign credits and a better supply to markets of raw materials, semifinished goods, and some imported retail goods.

The crisis would have been much more serious and the situation much worse if we had not undertaken numerous activities since passing the long-term plan which led to these and similar results. For this reason we must not undervalue the results achieved so far with great efforts and self-sacrifice.

All this does not mean, of course, that we can be satisfied with efforts, self-sacrifice, and results achieved so far in realizing the long-term plan. On the contrary, we were slow, superficial, and inconsistent in realizing this program which we adopted as the program for a speedy way out of the economic crisis.

By adopting a number of economic and systemic changes envisaged by the Stabilization Program, the medium-term plan, and the development of policy for 1986, at the end of last year we created conditions for a fresh and more favorable situation in the struggle for stabilization. Activity must now focus on implementing the established policy and on organizing the widest

action aimed at better exploiting capacities, better and more profitable work, an increase in production geared toward exports and an increase in imports, speedier financial consolidation of the economy, the consistent implementation of anti-inflation policy and so on. We cannot secure the construction of self-managing relations and economic stabilization only by state and self-managing norms and restrictive measures, Zarkovic said. These are the processes which vitally depend on the progress of production forces and on the conscious activity of men who implement the established tasks and goals. These are, of course, the main issues to be dealt with at the 13th LCY Congress and at congresses and conferences in the republics and provinces.

Assessing the present situation in the Autonomous Province of Kosovo the president of the LCY Central Committee Presidium pointed out that it continues to burden the overall political situation and relations in the Socialist Republic of Serbia and the whole country. For this reason, he added, greater attention must be devoted to improving this situation in the light of the strategy of the general development of the country. This requires the tightest cooperation among all subjective forces in Kosovo, Serbia, and Yugoslavia as a whole.

Replying to the question, "Would counterrevolution occur even if Tito were alive?" Zarkovic stressed that its causes were established in the platform on Kosovo and added that these events would have taken place even if Tito were alive, regardless of the invaluable and incomparable historic role which Comrade Tito played in the internal and external stability and strength of our community.

Assessing the results achieved in the struggle against irredentists, Zarkovic stressed that the efforts of the subjective forces of Kosovo, Serbia, and the whole country have contributed to an improvement in social conditions and the security situation in Kosovo. In this struggle the greatest burden is being borne and the greatest contribution being made by the Communists, workers, and working people of Albanian nationality in Kosovo, which is also normal.

However, although the irredentists have been dealt powerful blows they still have not been overcome and are renewing themselves and operating in an organized way. We had to and we can achieve more in smashing the irredentists, especially in halting the emigration of Serbs and Montenegrins under pressure and in allowing those who want to return to their hearts. We should not, Zarkovic stressed, reconcile ourselves with the realization of the irredentist dream of an ethnically pure Kosovo.

We must be concerned by the differences in the assessment of the situation in Kosovo and results so far in implementing the LCY platform which have recently been expressed at some meetings at which this matter was discussed. They should concern us all the more as they are being expressed on a regional, or rather national, basis. Some see only problems and not the great efforts and certain results achieved in solving them. Others, however, belittle the fact that irredentism has not been overcome, that it is renewing itself, and that it is operating in an organized way and that the pressure is being kept up on the non-Albanian population in Kosovo.

Worrying, too, said Zarkovic, is the attitude on this taken by some information media, which, it appears, claim to be the avant garde in stirring up very problematical pressure on the LC, cadres, and organs in the province and the republic.

It is becoming increasingly clear that for complete success in stabilizing circumstances in Kosovo, a joint program by the provinces and the republics and Yugoslavia as a whole is needed to solve the problems there on a united Yugoslav basis.

Asked to comment on the disagreements in and on the federation and the fact that vital laws of this country are being passed with increasing difficulty in the SFRY Assembly, Vidoje Zarkovic stressed that disagreement and one-sidedness on and about the federation always comes about when the essential question is ignored of how much and by which channels working people, organized on the basis of self-management, have a practical influence on policy in our country.

There is absolutely nothing new, he said, in the fact that etatist bureaucracy in the republic, provinces, and the federation has strengthened. As a result, these sociopolitical communities are implementing their great legal authority, laid down in the Constitution, in the conduct of development policy, in determining vital conditions of economic activity, in the disposal of the funds of social reproduction, and in their intervention in income, to a great extent, in a way which has led and is leading to the restoration of state ownership monopoly over social resources and income. According to Zarkovic, this is the basic reason why integration of labor and resources continues to be paralyzed largely in the frameworks of republic and provincial borders.

The great and irreplaceable role of the republics as self-managing sociopolitical communities in our system and in our federal community has remained insufficiently developed. Thus, working people sometimes get the wrong impression about the republic which also leads to republic statehood and independence being mistakenly interpreted by one section of our public opinion as if it were virtually the source of all our ills. From such ideas individuals are drawing the wrong conclusion that the republics should be weakened as much as possible to strengthen the federation. Such views lead, de facto, to the recurrence of unitarist centralism which would, in one way or another, weaken the unity and cohesion of the Yugoslav community toward which we are striving.

Following the consistent logic of the Constitution, there is no contradiction between federal and republic interests. In these circumstances, Zarkovic recalled, reaching agreement is the normal democratic way of realizing and developing relations among equal nations and nationalities. If we are looking for reasons why these clear and very progressive principles in our Constitution are often distorted in practice, said Zarkovic, it should be seen which forces are formulating and representing republic, provincial, and common interests. If this were to be done by workers and working people in associated labor, organized on the bases of self-management, presumably these distortions would not have occurred or there would have been significantly less of them.

How, in your opinion, should the Socialist Republic of Serbia, and especially the Serbian LC be developed? was one of the questions.

It is true, replied Zarkovic, that the overall situation in the Socialist Republic of Serbia and the Serbian LC, with regard to relations between the republic and the provinces, or rather the Serbian LC and the Kosovo and Vojvodina LC's, is burdened by certain ideopolitical differences in the interpretation and implementation of the essence of constitutional and statutory guidelines. The bases of these differences are ideopolitical disagreements in the approach to questions of the unity of the Socialist Republic of Serbia, the content of this unity and togetherness, and the method for realizing it, the constitutional format of the SR of Serbia and the constitutional conception of the Socialist Autonomous Provinces [SAPs], which are within the SR of Serbia and, at the same time, a constituent element of our federation.

It is indisputable, Zarkovic stressed, that the expression of differences is demolishing the political and economic stability of the SR of Serbia, the SAP's of Kosovo and Vojvodina, and the whole Yugoslav community. Bearing this in mind, the LCY Central Committee Presidium, after many months of intensive activity, has adopted stances on the current questions of implementing relations on which are based the unity and togetherness of the SR of Serbia and the LC of Serbia. In these stances, which the LCY Central Committee later adopted, the duties and immediate tasks of the LC of Serbia and the LC's of Kosovo and Vojvodina for transcending present difficulties are quite clearly and concretely pointed out.

Replying to the question of what he thinks about the "hot" social problems, such as unemployment, the phenomena of nationalism, foreign debts, the position of the young generation and so on, Zarkovic recalled that the LCY Central Committee has already adopted clear stances on many of these questions and that the others will soon be on the agenda of its sessions. For this reason he only commented in principle on the question put to him. I believe, he said, that only idealists imagine a world without contradictions, problems, and conflicts. As Communists and Marxists, we are aware that our social development is full of contradictions, that in each stage in our development there were plenty of problems, and that there will be problems in the future, too.

However, what concerns us is that at this point in our development so many problems have accumulated that we can talk of an economic crisis and a crisis situation in society. In order to overcome this situation more quickly we must more rapidly and boldly solve the very acute contradiction between etatism and self-management in our production relations, naturally to the benefit of self-management. This is, said Zarkovic, that weak link which needs to be removed from the chain to accelerate solutions to a series of problems.

But even when we do this, we will still not be without problems nor can we dream of a society without difficulties and contradictions. Practice alone and development will throw up new problems. Our orientation must be to solve problems which are on the agenda as quickly as possible and in doing this being careful that our solutions do not create new problems as they have often done up to now.



The interview went on to cover preparations for the 13th LCY Congress and the expectations of this most important gathering of Yugoslav Communists. Precisely because, Zarkovic said, we are coming up to the congress greatly burdened with problems, severe contradictions, slow-downs, and certain distortions in the implementation of our goals and strategic decisions, working people and Communists are expecting a lot from the 13th Congress.

From the 13th Congress, Zarkovic added, decisiveness, courage, and knowledge is expected to uncover more intensively, with the help of Marxist principles and a communist principled manner, the causes of the existing contradictions, the economic crisis, the inefficiency of the system and, on the basis of this, come to the link which will pull the chain in the direction of economic, ideological, moral, and cadre--in a word socialist self-management--renewal and a more consistent development along this path.

Some matters regarding the preparations for the 13th LCY Congress were touched upon in the continuation of the interview.

Throughout the preparations for the congress and in the congress itself, the LCY will not reexamine the basic strategic tenets regarding its internal development and international policy which have been established under Tito's leadership. But at the same time this means that we must openly [otvoreno] and critically analyze the functioning of our economic and political system, our economic policy, our policy of development, the behavior of the LCY, and all other subjects in order to find out what has slowed down in our country's moving toward achieving our general tenets.

The fundamental imprint to the pregress preparations is provided and will be provided by the knowledge gained through general party discussions conducted concerning the 13th LCY Central Committee session. The demands and wishes of the Communists and working people expressed in that discussion have confirmed their unshakable loyalty to the LCY Program tenets and their dissatisfaction about the speed of overcoming the economic crisis, and have manifested the readiness of our working people to invest greater efforts in order to achieve the economic and political stability of our country, Vidoje Zarkovic said among other things.

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POLITICS

YUGOSLAVIA

BRIEFS

DELEGATE ACCUSED OF TAKING BRIBES--The communal public prosecution office in Pristina has sent to the Assembly of the SR of Serbia a request for the lifting of a delegate's immunity so that it could start legal proceedings against Ahmet Dobruna, delegate to the Chamber of Municipalities of the Serbian Assembly from Glogovac, who as the director in charge of cadre questions in the Feronikal organizations is under suspicion of receiving bribes from some individuals in return for jobs. Dobruna is alleged to have received from some individuals worth DM4,530, 4,300, and 40,000 dinars for providing them with jobs in Feronikal. This is in fact why legal proceedings against Dobruna and six other individuals who were bribing him is demanded. They are as follows: Nazif Bujupi (aged 41) from the village of Orlabit and who is currently under arrest, Malic Thaci (aged 33) and Sabit Thaci (aged [number indistinct]), from the village Lepusnik, Saban Bujupi (aged 41) from Orlat, Nazir Salja (aged 36) from Vucak, and Izet Bahtiu (aged 41) from Nekovac. [Text] [Belgrade BORBA in Serbo-Croatian 20 Feb 86 p 3 AU] /6662

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